



COMMONWEALTH OF VIRGINIA

VIRGINIA DEPARTMENT OF TAXATION

Field Collections Guide

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Field Collections Guide Committee

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Introduction

Virginia Department of Taxation, Office of Customer Relations, Compliance Unit, is responsible for enforcing compliance with the tax laws of the Commonwealth as set forth in the *Code of Virginia* §58.1. The Field Collection Guide is designed to assist employees in performing their job duties in accordance with the agency's Mission, Vision and Goals.

This guide has been prepared for use by State Tax Field Agents whose primary duties are the enforcement of the statutes administered by Virginia Department of Taxation. It is not intended to replace directives or regulations.

Department of Taxation Mission, Vision and Goals

Mission

The Virginia Department of Taxation's mission is to serve the public by administering the tax laws of the Commonwealth of Virginia with integrity, efficiency, and consistency.

Vision

- One vision, one team, one voice
- Customers first in everything we do
- TAX performance is the benchmark for business and government
- Our culture will be based on trust, fairness and mutual respect

Goals

- Maximize operational efficiency and effectiveness:
- Improve productivity
- Enable innovation
- Ensure collaboration among business units
- Increase technological capabilities to support business processes
- Improve voluntary compliance
- Ensure adequate resources
- Develop, attract and retain a capable, motivated, and diverse workforce:
- Increase employee satisfaction
- Increase knowledge and skills
- Enhance communication
- Achieve a culture based on the Department's core values
- Create and maintain positive organizational climate
- Improve quality of job performance
- Ensure customer satisfaction:
- Improve service quality
- Reduce burden of compliance
- Improve customer education
- Improve support to external stakeholders

Collection Process Overview

When it is determined that tax is due, an assessment is made and the customer is issued an assessment notice requesting payment. If a required return has not been filed, the customer is issued a delinquent return/non-filer notice. The collections process begins when the assessment is not paid within 30 days of the initial assessment notice or when a delinquent return has not been filed/paid by the due date. At this point, the account is categorized as delinquent.

Delinquent accounts move from the Virginia Department of Taxation (TAX) accounting system, Advantage Revenue (AR,) to CACSG, the collections computer system. CACSG assigns delinquent accounts in accordance with TAX business rules. Upon entry, CACSG assigns each account to an entry state, then to an outcome state based on parameter-driven rules. Accounts can be assigned to the Delinquent Collections Unit (DCU - central office collectors), field agents or an outside collection agency (OCA).

As delinquent accounts move through CACSG work states, various steps are taken by staff and the collections system to collect the delinquent balance. These processes include phone calls, correspondence, automated and manual tax liens, refund match and debt setoff programs and legal actions such as Memorandums of Lien, Revocation of the Sales Tax Certificate of Registration, Padlocking and Criminal Warrants.

Role of Delinquent Collections Unit (DCU)

One of the primary roles of collections staff in the central office in Richmond is the collection of taxes through phone contact with customers. These collectors handle high volume outgoing and incoming calls related to the collection of delinquent taxes. They are assisted by an automated dialing system that manages outgoing and incoming calls.

DCU collectors have the authority to establish payment agreements, issue correspondence, tax liens, memorandums of lien and are involved in the management of the automated tax lien process.

Role of Outside Collection Agencies (OCA)

Code of Virginia §58.1-1803 gives Virginia Department of Taxation the authority to establish contracts with outside collection agencies for the collection of delinquent state taxes. Delinquent accounts are assigned to contract collection agencies by the CACSG system based on established TAX business rules.

The primary role of OCAs is collection of delinquent taxes through outgoing phone calls and correspondence. The collection agencies have the authority to negotiate payment agreements, but do not have the authority to issue tax liens, memorandums of lien or legal actions such as Revocation, Padlock or Criminal Warrants,. The OCAs can request that TAX issue third party liens, or memorandums of lien on OCA assigned accounts.

Role of Field Collections

Field collection units are located throughout the state in the following districts: Bristol, Hampton Roads, Northern, Richmond and Roanoke. The compliance enforcement supervisor and field agents for each district are home based.

The primary role of field agents is to handle chronic delinquent accounts or accounts that require a higher level of collection activity and to enforce compliance with Virginia tax laws. field agents may occasionally provide DCU assistance for inbound calls.

Accounts are assigned to field collections by the CACSG system based on established TAX business rules. The majority of accounts assigned to field agents are business accounts and the first level of assignment criteria is based on the locality of the business. Collection efforts have been unsuccessful by automated collections, DCU and/or collection agencies for many of the accounts that are assigned to field agents.

Field agents collect delinquent taxes and enforce compliance through a variety of procedures including outgoing and incoming phone calls, correspondence, field visits, tax liens and legal actions. They have the authority to establish payment agreements, issue manual tax liens and initiate legal actions such as Memorandums of Lien, Revocation of Certificates of Registration, Padlocks and Criminal Warrants.

Field agents promote compliance with Virginia tax laws by activities such as monitoring proper registration and payment of taxes by dealers, flea market vendors, carnival operators, festivals, etc.

Initial Steps of the Collection Process

A field agent begins the collection process by reviewing the accounts in his/her CACSG work list. A work list contains the accounts scheduled for collection activity that are assigned to the field agent. Most work lists for field agents are associated with one user. However, work lists can be associated with one particular user, a group of users, or may be accessible by a number of users. User capability level determines access to work lists. The work list of a field agent contains only those accounts assigned to him/her based on predetermined account assignment criteria. However, the work list of a user with supervisor user capability level may contain accounts assigned to the user and all accounts assigned to users under his/her supervision.

The accounts within the work list may be divided into several **States** (a grouping of cases based on similar required collection action). Some common states found in a field agent's work list are:

- New (DX01)
- District Individual (DX10)
- Phone Call (DX20)
- Field Visit (DX30)
- Issue Third Party Lien (DX41)
- Issue Memorandum of Lien (DX42)
- Monitor District Partial Payment Agreement (DX51)
- Default District Partial Payment Agreement (DX52)
- Pending Fi Fa (DX60)
- Pending Padlock (DX70)
- Pending Padlock Hearing (DX71)
- Monitor Padlock (DX72)
- Pending Revocation (DX80)
- Pending Revocation Hearing (DX81)
- Monitor Revocation (DX82)
- Pending Criminal Warrant (DX90)
- Prepare and File Criminal Warrant (DX91)
- Monitor Criminal Warrant (DX92)
- Notice to Appear (DX93)
- Stops Review (DX98)
- Automatic District Exit (DX99)

Account Assignments

Assignment of delinquent accounts is generally an automated process, but accounts can be assigned manually. CACSG assigns work to field agents based on defined account characteristics or risk factors. TAX management can redefine account assignment characteristics when deemed necessary. The majority of accounts assigned to field agents are business accounts or individual accounts containing business tax assessments that have been converted to an individual from a corporation, partnership or limited liability company. The following are types of accounts that are assigned to field agents:

- Accounts previously worked by automated collections, DCU collectors and collection efforts were not successful.
- Accounts with previous padlock, revocation or criminal warrant activity.
- Manually routed accounts from DCU. Approval is generally necessary to manually route an account.

CACSG evaluates an account for specific criteria or risk factors; the next factor for determining field assignment is the locality of the business. Accounts are assigned to a particular collection district based on geographic locality parameters. Most districts have elected to have work assigned to field agents based on geographic areas in the proximity of the home base of the field agent. CACSG assigns work by locality (FIPS) code by county/city and zip code of an account.

Upon entry, district accounts are assigned to a field agent's District New State (DX01). After reviewing the accounts in the entry state, the field agent or supervisor may manually route the accounts to a state within the field agent's work list for the next level of collection action.

District accounts become eligible for automatic distribution to DCU, or an outside collection agency when significant collection activities have not occurred within 180 days of the assignment date. The significant activities that prevent accounts from automatically exiting district work states include revocation, padlock, bond, or criminal warrant flags. In addition, payments received within 180 days and CACSG Actions/Debtor Contacts with the officer, primary debtor, or secondary debtor will hold an account. The following is a list of significant activities from the CACSG Actions/Debtor Contacts menu:

- Outgoing phone call (contact must be with officer, primary or secondary debtor)
- Incoming phone call (contact must be with officer, primary or secondary debtor)
- Letter Received (contact must be with officer, primary or secondary debtor)
- Field Visit (contact must be with officer, primary or secondary debtor)
- Office Visit (contact must be with officer, primary or secondary debtor)
- Non-CACSG letter (contact must be with officer, primary or secondary debtor)

An account within the third party lien state (DX41) will be held provided that regular monthly payments are posted to the account, such as with a wage assignment.

Accounts with significant collection activity documented in CACSG remain assigned to a field agent until resolved or manually routed to another field agent, DCU or an outside collection agency.

Establishing Collection Priorities

CACSG automates many processes to assist TAX collections staff with the management of accounts. However, accounts assigned to field agents require manual processes including establishing priorities for collection activity.

New Accounts

Upon entry in the District New State (DX01), accounts must be reviewed to determine the level of priority and the appropriate collection action. Criteria for determining the priority level of an account includes:

- Dollar amount of assessments
- Number and estimated dollar amount of delinquent returns (nonfilers)
- Account history
- Business type (i.e. restaurant, convenience store, etc.)
- Active/inactive status of a business
- Statute of limitations for assessing unpaid taxes to responsible officers. (See Chapter 6 Assessing Unpaid Taxes to Responsible Officers)
- Age of assessments

To assist field agents with establishing priorities, CACSG work lists allow accounts in each state to be sorted based on criteria that includes case balance and number of returns not filed.

Normally, the highest level of priority is given to accounts with the highest dollar assessments, highest number of delinquent returns that may result in high dollar assessments and accounts with previous padlock, revocation and/or criminal warrant actions. The highest level of priority is also given to accounts when it is determined collection is in jeopardy due to the risk of debtor flight out of the state/country or risk of liquidation and distribution of assets. Once the priority level of a new account is established it must be manually routed to the state for an appropriate level of action.

Existing Accounts

- Existing accounts in the various states of a work list must be monitored on a regular basis for changing levels of priority. Field agents make determinations of the priority level of existing accounts as these accounts are moved through various collection processes. Common reasons for a change in an account priority level are: Increase in the dollar value of assessments and/or number of returns not filed.
- Lack of cooperation from the debtor.
- New information received on the account (i.e. information indicating the debtor is going to leave the state or sale a significant asset).

Understanding and establishing account priority level is a key element of account work list management.

Immediate determination of priority followed by appropriate action optimizes field agents' ability to resolve

Confidentiality and Disclosure

All employees of Virginia Department of Taxation are bound by state and federal laws designed to protect the confidentiality of information and records accessed through the performance of job duties. As outlined in *Code of Virginia* §58.1-3, maintaining the confidentiality of taxpayer/customer tax information is of the utmost importance.

Confidential Information

Confidential information is defined as transactions, property (including personal property), income or business of any person, firm or corporation and any tax information provided to the Department of Taxation by the taxpayer, the taxpayer's representative or the Internal Revenue Service. This includes all of the tax information maintained at the Department of Taxation. It includes all of the tax information maintained in offices, in the possession of Field Auditors and Field Agents, stored in file cabinets in the homes of the home-based Field Auditors and Field Agents, stored in Department of Taxation and other federal/state agency computer systems or databases and any other tax information controlled, accumulated, gathered or stored by any member of the Department of Taxation and in the offices of local Commissioners of the Revenue and Treasurers and other authorized agencies, regarding specific individuals and businesses is confidential. Incidents of inadvertent and intentional disclosure of confidential information are subject to reprimands, dismissal, or punishment under the law as outlined in the Standards of Conduct (policy 1.60) found at the Department of Human Resource Management Website <http://www.dhrm.virginia.gov/hrpolicy/policy.html#general>.

Disclosure

Disclosure is releasing or making known confidential tax information to any person in any manner. Disclosures can be oral, written or by action such as showing someone a document containing confidential tax information. There are two types of disclosure, authorized and unauthorized.

Authorized disclosure includes the following:

- Discussing or providing information by phone about a bill or other related issues when the taxpayer's identity has been verified.
 - Explaining or discussing a document in the taxpayer's possession when you have verified the identity of the taxpayer or established the individual has proper authorization from the taxpayer to receive confidential tax information.
- Providing information about a tax refund, bill, set off debt or other tax related issue through a phone call as long as you have verified the taxpayer's identity is an authorized disclosure.

Unauthorized Disclosure Examples:

- Releasing the fact that another person has filed a return is an unauthorized disclosure.
- Revealing any information from TAX Integrated Revenue Management System (IRMS) or other sources, such as microfilm, forms, returns or printouts, to a person not properly identified as the taxpayer or as someone properly authorized by the taxpayer to receive the information, is an unauthorized disclosure.
- If a police officer calls and asks you to verify a certain SSN, you cannot give an answer. This is confidential information and an unauthorized disclosure.
- If a person wins the lottery only to find that his winnings are hit by a debt set-off because another person is using his SSN and you divulging the name of the other person using that SSN, is an unauthorized disclosure.
- Discussing customer information with coworkers who do not have a work related need to know the information is an unauthorized disclosure.

- If a customer files married filing separately for a tax year, releasing information to the spouse not listed on the return is an unauthorized disclosure.
- If customer information is left on your desk or a screen on your PC is displayed in an unsecured area and someone reads the information, unauthorized disclosure has occurred.
- Discussing customer information in any public area, including a hallway, cafeteria, or elevator and where it is overheard by others is an unauthorized disclosure.

Reporting Unauthorized Disclosure

Report all unauthorized disclosures to your supervisor immediately. It is the responsibility of the supervisor to report the disclosure to the Department of Taxation Disclosure Officer.

Browsing

Browsing is the willful or negligent unauthorized access or inspection of taxpayer records, either computerized or paper information. The Taxpayer Browsing Protection Act makes it a crime for employees to look through taxpayer files without authorization. Violations of the browsing protections are punishable upon conviction by a fine not to exceed \$1,000, or imprisonment of not more than 1 year, or both, together with the costs of prosecution. Do not look at taxpayer information without a work related reason.

Examples of the types of browsing violations:

- If you review your own tax records without a work related reason, you are browsing.
- If you just look (and do not tell) at taxpayer information, electronic or paper, without a work related purpose, you are browsing.

Reporting Unauthorized Browsing

Report all unauthorized browsing to your supervisor immediately. It is the responsibility of the supervisor to report the browsing incident to the Department of Taxation Disclosure Officer.

Browsing violations involving federal tax information should be reported to the Department of Taxation Disclosure Officer but may be reported directly to the IRS fraud hotline at 1-800-366-4484.

Confidentiality/Disclosure Issues Affecting Field Personnel

- **VA TAX Laptops** -Care should be taken when leaving the work area to insure that the computer is not logged on in a manner that would allow usage and/or access without a password.
- **VA TAX Tablets** – Care should be taken to adequately secure tablets being used in the field and at home. Never leave a tablet unattended in a car. When reviewing an account with a taxpayer, the discussion should take place in a secure area where taxpayer account, banking or credit/debit card information cannot be overheard or seen by unauthorized individuals. Lost or stolen tablets should be reported immediately to the proper authority.
- **Copier** -Unintentionally leaving materials such as tax returns, checks, etc. in the copier is an inadvertent unauthorized disclosure.
- **After Hours** - Confidential materials such as tax returns, checks, computer printouts, etc., should not be left exposed after work hours. All checks, tax returns and return information should be properly secured at the end of your work schedule.
- **Personal Computers** - PCs containing confidential tax information should be properly secured after work hours and when not in the actual possession of the field agent.
- **Vehicles** - If a field agent's vehicle is stolen or vandalized and a taxpayer's files are missing or a field agent's PC is stolen, this is an inadvertent, unauthorized disclosure. The disclosure should be reported to the taxpayer's management and to the Department of Taxation's Disclosure Officer. Vehicles containing confidential tax information should be locked at all times when not occupied. Confidential information must be properly secured in vehicles so that the information is not visible to others.
- **Appointment books, brief cases, daily reports, and cash receipt books** - All such documents should be adequately secured while at a taxpayer's place of business.

- **Telephone calls from a taxpayer's place of business** – Making calls from a taxpayer's/customer's place of business should be avoided. The necessity for the phone call should be evaluated and the following security issues should be considered:
 - Privacy – Can the phone call be made without others hearing confidential tax information?
 - Phone tapping – Does the taxpayer have any compelling reasons for tapping phones used by TAX personnel?
 - Caller I.D. – Is the privacy of a taxpayer be compromised by the caller identification of the person receiving the call?
- **Cellular Phones** – Cellular phones are generally not secured communication. Caution must be exercised when using cellular phones to discuss confidential tax information.
- **Friends, spouse and relatives** - It is an unauthorized disclosure to discuss the nature of **any** official business with friends or relatives who are not Department of Taxation employees.
- **Corresponding with a taxpayer** - When correspondence is received concerning an inquiry about an account, caution should be used to insure the response is being made to the taxpayer whose account is the subject of the inquiry. The correspondence should have the taxpayer's name, address, and social security number or other applicable identification number. Give only information pertinent to the inquiry.
- **Corresponding with a taxpayer by FAX** –Steps must be taken to identify the person requesting information before sending confidential information via FAX. No confidential tax information relating to the Estate or Fiduciary returns is to be sent via FAX. The first page of a FAX cover sheet should not contain confidential information such as a SSN, FEIN or Virginia account number. All transmissions of confidential tax information will be noted on the system for each taxpayer with an audit trail showing details of information sent, e.g. date, FAX number, name, type of letter/form transmitted, and operator number. If a document has been sent to the wrong number via FAX, this is considered an inadvertent unauthorized disclosure. If information is faxed to the wrong number, the person receiving it should be notified immediately that through error they have received confidential information and that viewing or copying could bring undesirable consequences. Attempt should be made to solicit their cooperation in mailing the material to TAX or destroying the material. Notify the Disclosure Officer immediately.
- **Responding to taxpayers by E-mail**- Confidential tax information cannot be sent via E-mail. The current Department of Taxation policy is posted on the Contacts page of the Department web site. E-mail response can be given to general tax questions such as when to file, where to file, or which form to file, etc. State and federal laws require us to keep return and account information from our records confidential.
- **Internet Policy**- The Commonwealth's Electronic Communications and Social Media Policy allows occasional and incidental personal use of the Internet, as long as it does not adversely affect the efficient operations of the Commonwealth's systems and networks. Personal use of the Internet from an agency workstation should not interfere with productivity or work performance and usage should be for a reasonable amount of time, given an employee's work schedule. Personal use should be viewed as an occasional and incidental activity. TAX will monitor Internet usage by employees and any prohibited, or inappropriate activity will be addressed with individuals as necessary. This may include formal disciplinary action up to or including termination. The only approved online chatting mediums are Microsoft Office Lync. Online games should not be played from any office workstation. Usage of social media sites such as Facebook and MySpace should be limited to brief reviews and updates. Use of streaming music and video is allowed, but use is not unlimited.

Written Authorization and Powers of Attorney

Anyone can authorize an individual such as a tax preparer, attorney, family member, etc., to discuss confidential tax matters and receive correspondence from Virginia Department of Taxation on his/her behalf. The Department of Taxation requires a specific writing for authorization of a representative and release of confidential information.

The official and preferred Power of Attorney (POA) Form of Virginia Department of Taxation is Form PAR 101. However, alternative forms of authorization such as Federal Form 2848 (Virginia tax matters must be specified) and other POA forms (Durable, General, Limited, etc.) that include Virginia tax matters may be accepted. Form R-7, Application for Enrollment as a Virginia Authorized Agent, is required for an authorized representative to be eligible to receive copies of correspondence, documentation, or other written materials related to a specific tax matter for which Form PAR 101 has been filed. Forms PAR 101 and R-7 can be downloaded from the Virginia Department of Taxation Website www.tax.virginia.gov. All Power of Attorney forms and Applications for Enrollment as a Virginia Authorized Agent received by field agents, must be submitted to central office to be entered into AR.

Safeguarding and Disposing Tax Information Furnished by IRS

In accordance with the AGREEMENT ON COORDINATION OF TAX ADMINISTRATION between the State and the Internal Revenue Service, federal tax information must be adequately protected to insure confidentiality of the data. The Office of Compliance manages federal tax information. Only specifically designated persons in the Office of Compliance are authorized to request federal tax information. Employees who are authorized to have access to federal tax information are required to return such information to the secured area in the Office Audit Section at the end of each workday. The Department of Taxation's Disclosure Officer and IRS Safeguard Coordinator are responsible for federal tax information from the time it is received until destruction.

The Offices of Compliance and Information Resource Management manage federal tax information contained on magnetic tapes. These tapes must be kept in a combination lock safe as required by the Internal Revenue Service. Federal tapes, during processing, must be protected in accordance with Internal Revenue Service requirements.

The manual entitled, Procedures for Safeguarding Federal Tax Information (IRS Publication 1075), gives details on this subject. **Under no circumstance is federal tax information to be released by the Department of Taxation to anyone, including any other state agency, except as provided by Internal Revenue Code 6103(d).** If you have access to any federal information, do not release it to anyone without the approval of the Department of Taxation's Disclosure Officer.

If the assigned agent or district supervisor requests federal tax information, the documents must be maintained by the supervisor under double lock.

Safeguarding and Disposing State Tax Information

Much like federal tax information, state tax information must be adequately protected to insure confidentiality of the data. Only employees who work with state tax information are authorized to have access to the data. State tax information should be secured at the end of each workday. The Department of Taxation's Disclosure Officer is responsible for ensuring policies are in place to insure taxpayer information is properly stored and destroyed. If confidential tax material must be destroyed, the paper must be shredded to strips of 5/16 inch wide or smaller.

Request for Advice on Disclosure Matters

Anytime there is doubt or question about release of confidential information, the field agent cannot release the information before obtaining clarification regarding the release. The agent can consult *TAXi, Compliance, Safeguarding and Disclosure of Tax Information*, or contact a supervisor, or contact the agency Disclosure Officer.

Customer/Taxpayer Contact

The first step of the collections process is attempting to establish contact with the customer/taxpayer. There are several methods of contact available to field agents including phone calls, correspondence and field visits. Phone calls are generally the preferred method of initial contact with a customer/taxpayer. Phone contact can be initiated by the field agent or by the customer.

All customer contact should be conducted in a professional manner and confidentiality of customer records must be maintained.

Outgoing Telephone Calls

Outgoing telephone calls are initiated by the field agent and are usually the first method of contact with a customer. The objective of an outgoing telephone call is to resolve the account without additional contact or collection action. Accounts assigned to field agents may have had prior inbound call attempts that have not resulted in resolution, or there is no telephone number listed for the account.

Not all outgoing calls made by field agents are initial contacts. During the course of resolving an account, it may be necessary to make several telephone calls to the customer. However, collection activity should not be limited to telephone calls. If phone calls do not produce results within a reasonable period of time, the field agent must move on to the next step in the collections process.

Prior to making a telephone call, the field agent should review the account to become familiar with the current or updated status of the account. The following is a list of areas that should be reviewed prior to contacting a taxpayer/customer regarding a delinquent account:

- **History** – Review the account history in CACSG and AR
- **Account Balance** – Review the account balance in AR and determine if assessments are from returns, an audit, estimated assessments, etc.
- **Returns** – Review return filing status in AR to determine if all returns are filed to date.
- **Registration/Customer Profile** – Review the tax registration and customer profile information to determine if business is currently operating or closed, to find the primary contact for the account and the preferred method of contact.
- **Establish a contact telephone number** - If there is a phone number listed for the customer, review history for previous contact results. Review the customer profile and tax account contact in AR and CACSG demographic information for a contact person and preferred method of contact. If there is no

phone number listed, the field agent should search for a phone number. The following are some sources available for finding phone numbers:

- Directory Assistance
- Internet Directory Assistance, Internet information sites and business web sites
- Cross reference to sole proprietor, officer, or partner tax roll/customer profile information for home phone numbers or phone numbers of other businesses owned by customer/taxpayer.
- Reviewing returns and correspondence from Image Retrieval for phone number information.

When phone contact is made, the field agent must identify himself/herself and establish that the person contacted is the customer or has authorization to discuss the account. Prior research of the account will identify any powers of attorney on file and anyone other than the customer that is authorized to discuss the account. Ask account specific questions such as the business name and address, the type of activity conducted by the business, account number, FEIN or SSN to establish identity.

Once identity has been established, the field agent should clearly state the purpose of the call and request the information and/or payment needed to resolve the account. The following are guidelines for account resolution by phone:

- Establish if the business is still operating and if there are any changes such as address, changes in corporate officers, partners or owners.
- State the balance due, delinquent tax types and provide a list of all returns that have not been filed.
- Request full payment and all returns that have not been filed.
- Establish time frames if full payment and all returns cannot be provided immediately (Example: All returns to be filed within five days and full payment to be received within 10 days.)
- Explain consequences for failure to comply with the request for payment, returns or information.
- Document the results of the phone contact in CACSG using the Outgoing Call icon or by the menu bar option of Actions/Debtor Contact. Enter comments in history outlining the phone contact such as when information or payment is to be received, etc.

Not all outgoing calls result in contact with the customer. The results of failed phone contact attempts can be categorized as no answer, busy, phone disconnected, or left message to call on voice mail or with employee, spouse, etc. **All contact attempts should be documented in CACSG.** If attempts to make contact by phone continue to be non-productive, the field agent should cease this method of attempting contact and move to the next step in the collections process.

Incoming Telephone Calls

Field agents receive incoming calls from many sources including customers/taxpayers with accounts assigned to the field agent, accountants, attorneys, local officials, other state agencies, etc. Calls relating to issues other than collections and/or related to accounts not assigned to the field agent should be referred to the proper unit/department for resolution.

When receiving a phone call, the field agent must take steps to identify the caller as the customer/taxpayer or a person with authority to discuss/receive confidential tax information for the customer. To assist in identification, account specific information such as the name of the business, address, phone number, account balance/delinquent periods, Virginia tax account number, FEIN, SSN, etc. should be requested. If identity cannot be positively established, the field agent cannot release/discuss confidential tax information by phone. If the caller indicates he/she has the authority to discuss the taxpayer's/customer's tax account, the account should be reviewed for a power of attorney or a request must be made for a power of attorney from the caller.

Guidelines for resolving an account by phone listed under **Outgoing Telephone Calls** should be followed for incoming phone calls. **All incoming calls should be documented in CACSG** using the Incoming Call icon or the menu bar option of Actions/Debtor Contact. Comments should be entered that outline the results of the phone call.

Incoming Correspondence

Field agents receive incoming correspondence from various sources including taxpayers/ customers, accountants, banks, attorneys, local officials, etc. Incoming correspondence includes letters, notices, returns, payments, etc. Correspondence not intended for the field agent should be forwarded to the appropriate department/unit (i.e. customer services, bankruptcy, offer in compromise, etc.) or referred to a supervisor immediately.

Incoming correspondence should be properly maintained to protect confidential tax information. The sender must be identified as the taxpayer/customer or a person authorized to receive the taxpayer/customer's confidential tax information before a response can be initiated. The field agent must review, process and/or respond to the incoming correspondence in a timely manner.

Incoming correspondence must be documented in CACSG. In some instances, the field agent may wish to send the correspondence to central office for back scanning. When the originating unit wishes to retain a copy for future reference, the document can be back scanned so that an image is captured and electronically archived for future reference. The field agent and/or supervisor determine which documents need to be archived and which can be destroyed without back scanning. If required, field agents will submit documents for back scanning to the District Compliance Enforcement Supervisor.

Outgoing Correspondence

A common method of communication with customers/taxpayers is outgoing correspondence. Outgoing correspondence includes letters, notices, liens, legal notices, forms, faxes, requests for information, etc. Advantage Revenue (AR), SIEBEL and CACSG contain correspondence modules. Correspondence can be system generated or manually issued by a field agent, DCU collector, customer services representative or auditor.

Field agents send correspondence to various sources including customers/taxpayers, accountants, attorneys, banks, employers, and courts. Field agents often use outgoing correspondence to resolve accounts that have not been resolved by phone contact. Steps must be taken to insure that correspondence is being issued to the customer/taxpayer or a person authorized to receive the customer's confidential tax information.

Most collection notices/letters issued by field agents are generated in CACSG. Templates have been established in CACSG for issuing various types of collection notices and legal actions. Field agents can access CACSG correspondence by opening a case/account and selecting the **Initiate Correspondence** and/or **Initiate Legal Actions icons**. CACSG correspondence usually requires the field agent to enter only a minimum amount of information in specified fields. The types of correspondence available to a field agent are determined by the current CACSG status (work state) of an account/case and/or the User's level of authority. Some CACSG letters require supervisor approval.

When correspondence is generated through AR and/or CACSG, the action is automatically documented in taxpayer history. The correspondence can be viewed and reprinted if needed by going through outbound correspondence history in AR or by selecting the correspondence in CACSG History and selecting **History, Correspondence View**.

Collection Tools

Field agents collect delinquent taxes and enforce compliance through a variety of processes and procedures including phone calls, correspondence, field visits, tax laws and legal actions. There are many tools available to assist the field agent with collections and enforcing Virginia tax laws. Actions such as making estimated tax assessments, accepting and establishing payment agreements, issuing manual tax liens, issuing subpoenas and summonses and initiating legal actions such as memorandums of lien, revocations of certificates of registrations, padlocks and criminal warrants are useful tools in collecting unpaid assessments.

Collection Notices

Collection notices are types of correspondence sent to the taxpayer stating there is a delinquent balance due and/or returns that have not been filed. These notices warn the taxpayer of action that may be taken by TAX if the balance is not paid and/or past due returns are not filed and paid. These notices range from requests for information, returns or payment to warnings of civil or legal actions.

Collection notices are generated through CACSG. Some notices are subject to supervisor review and approval. When generating a collection notice in CACSG, the field agent can elect to have the notice mailed from central office through a batch mailing process or can print the notice on his/her local printer and mail the notice by regular or certified mail. CACSG records issuance of collection notices in the account history and copies of the correspondence can be viewed and printed by selecting CACSG **History** and **Correspondence View**.

Partial Payment Agreements

Field agents are authorized to accept and establish partial payment agreements when taxpayers cannot pay the full amount of the balance due. (*See Code of Virginia §58.1-1817*) A partial payment agreement can be an effective collection tool. Partial payments are generally accepted for a period of 12 months. Payment agreements can be established by telephone either in person, or, through the automated Tele-Plan system. Penalty and interest continue to accrue on the outstanding tax balance during the term of the agreement.

Reviewing an Account Prior to Establishing a Payment Agreement

Prior to accepting a partial payment agreement from a taxpayer, the field agent must review the account. All returns must be filed and assessed before a partial payment plan can be established. The following should be reviewed when considering a partial payment agreement:

- **Account History** – If there is a history of defaulted partial payment agreements, the field agent may decline the request or require the payments to be received via the EFT payment plan option.
- **Current Memorandum of Lien on File** – Partial payment agreements may be established without issuing a memorandum of lien, but it is recommended especially for high dollar and/or high risk accounts, or accounts where previous partial payment agreements have defaulted.
- **Financial Ability to Pay**-Partial payment agreements should not be accepted if the taxpayer has the financial ability to pay the full balance.

Discussing/Negotiating Payment Agreements with the Taxpayer

When discussing and negotiating payment agreements, the field agent must establish the agreement for an acceptable time frame. The field agent must explain that the agreement is being established to resolve delinquent taxes and all current taxes must be filed and paid timely.

Creating a Partial Payment Agreement

Payment agreements are created and monitored in CACSG. When a partial payment agreement has been established in CACSG, the system issues a letter outlining the terms of the agreement. A reminder notice with a payment voucher is sent to the taxpayer 15 days prior to the due date. Therefore, the initial payment should be no less than 15 days from the date it is set up to all time for the introduction letter and first payment voucher to be sent. Reminder notices are not sent for weekly payments.

EFT Payment Plans

All payment plans may be set-up for electronic bank debits. Any taxpayer that has defaulted a prior payment plan more than one time should be considered for an EFT Payment Plan. The taxpayer's bank information is listed on the second page of the CACSG payment plan set-up screen. After EFT information is entered, the option must be accepted.

Approving Payment Agreements

Field agents have the authority to create partial payment agreements for a period up to 24 months and a liability up to \$100,000.00. Agreements over and above these limitations will be routed in CACSG to the supervisor for approval.

Denying Payment Agreements

Partial payment agreements may be denied based upon prior partial payment defaults, returns that have not been filed for the account, or an unreasonable request.

Monitoring Payment Agreements

The CACSG system monitors accounts in partial payment agreement status. Any failure to meet terms of the agreement triggers the system to move the account to default status.

Defaulted Payment Agreements

Partial payment agreements will default upon failure of the taxpayer to remain current with all tax filings, new assessments on the account and/or failure to maintain timely payments. Once the default occurs, the CACSG system will automatically route the account to a default state for collection action. Unlike payment plans established by DCU, or via Teleplan, plans assigned to field agents will not automatically be sent a payment plan default letter. It is the responsibility of the field agent to issue the payment plan default letter.

Tele-Plan

Taxpayers may call (804) 440-5100 to establish a payment plan through the TAX Tele-Plan System. Tele-Plan will request certain prompts from the taxpayer and if certain criteria are met, the taxpayer will be permitted to establish a payment plan via the telephone.

Tele-Plan will not allow partial payment agreements if the account is in legal status, if the requested period of time for payoff is too long, or if the amount of payment is too small. Accounts with denied Tele-Plan requests are routed to DCU.

Payment Agreements and Third Party Liens

When third party liens are issued, taxpayers often request that the lien be released in lieu of a partial payment agreement. Generally, once a lien is issued, a payment plan is not accepted from the taxpayer. However, if hardship is claimed, TAX may agree to accept a smaller amount to be paid from each paycheck until the balance is paid in full. Penalty and interest continue to accrue on the account. For these accounts, a partial payment agreement *is not* established in CACSG. The account remains in the third party lien state provided regular payments are received.

When a field agent is assigned to take DCU phone calls, payment plans established for third party liens through employers must be handled in accordance with DCU procedures. A Third Party Lien Adjustment Letter (COL044) must be sent to the employer and the account needs to be moved to the CACSG CS7/PPA for Lien - L110 work state to prevent additional liens from being automatically issued in error.

Third Party Lien

A third party lien is a claim that is issued to a third party (asset or lien source) such as a financial institution/bank, employer, or any person holding the debtor/taxpayer's interest or assets. Field agents have the authority to issue third party liens as a claim against monies held for, or due to be paid to taxpayers. Payments received from third party liens are applied to the taxpayer's delinquent taxes. ([See Code of Virginia §58.1-1804](#)) A lien applies to 100 percent of the amount of taxes, penalties and interest due and applies to any property, funds, salary, rent, commission or interest due to the taxpayer named on the lien unless hardship is established.

Third party liens are issued through CACSG and are classified as correspondence (COL038G and COL039G). A copy of the lien is sent to the taxpayer at the same time it is sent to the lien source/asset. When issuing a third party lien for individual or converted assessments, care must be taken to ensure the lien does not include the name or social security number of a non-responsible spouse.

Assets Exempt from Third Party Liens

Federal and State law prohibits certain property from be taken by a third party lien. If the field agent receives information indicating assets are exempt, he must request documentation that supports the claim. The following is a list of some third party lien exemptions:

- Social Security and Supplemental Security (SSI) Income
- Veteran's Benefits
- Federal Civil Service Retirement Benefits
- Black Lung Benefits
- Longshoremen and Harbor Workers Compensation Act Benefits
- Unemployment Compensation Benefits
- Public Assistance Payments
- Worker's Compensation
- Custodial accounts established for a minors
- Pre need payments to funeral homes
- Taxpayers can request hardship waiver to reduce the amount on a lien payment (located on the Taxpayer copy of the Third Party Lien)

Any liens issued against the property listed above should be released immediately. If the taxpayer is claiming an exemption on other property, documentation must be requested and the field agent should refer the request to his/her supervisor for evaluation.

Finding Assets/Lien Sources

An asset (lien source) must be recorded in CACSG before a third party lien can be issued. An automated process captures bank account information and stores it in CACSG when checks are submitted as payment. Field agents often use various other sources to locate assets or lien sources and manually enter them in CACSG **Assets**. Below are examples of possible lien sources/assets:

- **Employers** – Entering the taxpayer's social security number in the Virginia Employment Commission (VEC) system may provide a source for issuing a lien against wages. (*See Chapter 14*).
- **Bank Accounts** – Entering the taxpayer's social security or FEIN numbers in the Department of Motor Vehicle (DMV) system and making a current vehicle lien inquiry may provide a possible source for additional bank accounts. (*See Chapter 14*).
- **Image Retrieval/Image Viewer** – Viewing tax returns and other information may reveal bank account or employer information.
- **Credit Cards** – The field agent can make note of any indication (notice posted at cash registers or on doors at the business) of credit cards accepted at the business. If the taxpayer accepts credit cards such as American Express or Discover Cards, a third party lien can be issued for any payments due the taxpayer from these companies.
- **Discovery Through Routine Field Work** – During the course of routine field work and contact with taxpayers/customers, field agents often find lien sources such as individuals/businesses making rent or lease payments to the taxpayer, taxpayer accounts receivables, individuals or businesses making sales on behalf of the taxpayer (i.e. consignments, auctions), etc.
- **AR-** Check bank and routing information screens and cross reference to individual banking and routing information for sole proprietor, partners or officers associated with an account).
- **Credit Report Request** – The field agent can request a credit report that may provide lien source information. (See Exhibit 4.1)

Located at M:\Compliance\Staffing Report\District Offices\DTEC Form

DTEC/Credit Report

Complete this form to request a DTEC or credit report. Forward to Penny Gray by fax, email or distribution.

DTEC—complete TP SSN, name, report type, date and report requested by blocks. If needed additional instructions. **Credit Report**—complete all TP info, report type, date and report requested by blocks. If needed additional instructions.

TO: Clerical Unit, ATTN: Central Office Collections Section MSC, 8 th floor, phone (804) 786-2361, fax (804) 225-3376,	
Taxpayer SSN (joint accounts – SSN for both TP):	Taxpayer Name (joint accounts – names of both TPs):
Taxpayer Address:	
Type of Report Requested: _____ DTEC _____ Credit Report* (check one of the options below) _____ ML Issued _____ Partial Payment Plan Requested by TP _____ Authorization received by TP-copy attached *Credit reports will only be run on TP if an ML was issued, partial payment plan requested or TP authorization	
DTEC report lists current and former address with effective dates, current phone number, current and previous employers, Equifax SSN verification and TP age. (DTECs cost less than credit reports) Credit reports list, in addition to above, public record debts, credit inquiries and complete credit history.	
Date:	Report requested by (name, office, phone and fax number):
Additional instructions/special handling requests:	
Reports will be run when received and returned by fax. Credit reports that are multiple pages will be sent through distribution unless otherwise requested.	
Credit Report Approved By:	
Date Generated:	Report Generated by:

Third Party Lien Follow-Up

When a third party lien is issued, the field agent must follow-up with results from the lien. Bank liens are issued for a period of 15 days and liens to employers are issued for a period of 30 days. If the lien source/asset holder does not respond by sending payment, or notification as to why payment was not made by the due date listed on the lien, the field agent must contact the lien source. Contact can be made by phone to inquire about the status of the lien, or a Third Party Lien Follow-Up Letter (COL003) may be issued to the lien source/asset through CACSG. If the lien source/asset refuses to honor or respond to the lien, the field agent should refer the matter to his/her supervisor. A summons may be issued for the lien source/asset to appear in court in cases where there is no response or a refusal to honor a lien. Results of a third party lien must be entered in CACSG history.

Contact from the Taxpayer or Lien Source/Asset

When a third party lien has been issued, the field agent may receive inquiries from the taxpayer and/or lien source/asset.

Taxpayer Contact

The field agent may receive contact from the taxpayer requesting release of the lien. Generally, third party liens are not released, but each request should be evaluated on a case-by-case basis and must be approved by the Compliance Enforcement Supervisor.

Asset/Lien Source Contact

The lien source may contact the field agent with questions about the lien. Employers may have questions about hardship claims and the Hardship Table that is included with the third party lien. Confidentiality/disclosure procedures should be followed, but the field agent may discuss the information on the Asset Source copy of the lien and answer questions about the process.

Third Party Lien Adjustment

A Third Party Lien Adjustment (COL044) can be issued through CACSG if there is a need to adjust the balance, extend the due date or adjust the amount being deducted from wages.

Third Party Lien Release

A third party lien can be released by issuing a Third Party Lien Release (COL002 or COL119). Examples of situations where a third party lien should be released are listed below:

- It is determined the lien was issued against assets that are exempt by law.
- It is determined that the bill(s) listed on the lien are not valid.
- After the lien was issued, information was provided showing the taxpayer has a current bankruptcy case.
- The lien included the name or social security number of a non-responsible spouse.
- The lien is being satisfied by deductions from the taxpayer's payroll and all bills on the lien have been paid.

Memorandum of Lien

A memorandum of lien (MOL) is a claim against real property docketed in a county or city court for payment of debt, obligation or duty. The lien on real estate becomes effective at the time the MOL is recorded and serves as a judgment in favor of the Commonwealth of Virginia. A MOL is valid for 20 years and stays on a taxpayer's credit history for 7 years. (*See Code of Virginia §58.1-1805*) A docketed MOL protects the Commonwealth's claim for payment of a debt and is an effective collection tool. Memorandums of lien are issued through CACSG by initiating a legal action. When issuing a MOL for individual or converted assessment accounts, care must be taken to ensure the lien does not include the name or social security number of a non-responsible spouse.

Criteria for Issuing a Memorandum of Lien

A MOL can be issued for assessments that have not been paid within 30 days from the date of assessment. The taxpayer must be given a minimum 10-day written notice of intent to file a MOL (*See Code of Virginia §58.1-1805*). MOLs cannot be issued for individual income tax debts after 6 years from the assessment date. (*See Code of Virginia §58.1-313.B*). A notice of intent to file a MOL is not required if the Tax Commissioner determines the collection of any tax, penalties or interest will be jeopardized by the provision of a 10 day notice. When such a determination has been made, notification of intent to file a can be provided to the debtor concurrent with the filing of the MOL. (*See Code of Virginia §58.1-314*)

Memorandum of Lien Follow-Up

The court's copy of the MOL includes a court acknowledgement copy that is returned to TAX containing court recording information. When a MOL is issued by a field agent, the MOL should be printed locally so that a stamped, self-addressed envelope can be forwarded to the court. The court acknowledgement copy will be then be returned directly to the issuing agent. The field agent must enter the date of recording, book and page number and/or instrument/docket number in CACSG **Legal Actions**. This is an important process because the recording information must be in place when executing a MOL through the padlocking process and when releasing a MOL. If the recording information has not been provided within 30 days from the date of issuance, the field agent may follow-up by contacting the court clerk for recording information.

Handling Memorandum of Lien Inquiries

The field agent may receive contact from taxpayers, banks, accountants, attorneys, etc., regarding memorandums of lien. When a MOL is recorded in the city/county court it becomes public record; therefore, information on the lien can be discussed without a power of attorney.

Taxpayer Inquiries

Taxpayers may request information about memorandums of lien and/or request release of the lien. Generally, memorandums of lien are not released until the current balances of all assessments listed on the lien are paid. If there is indication of an error on the MOL or if the taxpayer is requesting a partial release, the matter must be referred to a supervisor.

Inquiries from Attorneys, Banks and Loan Institutions

TAX often receives requests for the current balance of bills on a MOL (pay-off balance) from attorneys, and bank officers when they are working on closing loans and/or real property transfers. MOLs are documents of public record and the balance for bills included on a MOL can be provided. However, the person making the inquiry must provide the field agent with the date that the MOL was recorded, the county or city where it was recorded and the JLD/instrument number or book and page number of the recording. A Judgment Payoff letter, COL030, is available in CACSG **Legal Action, Take Subsequent Legal Action**.

Releasing a Memorandum of Lien

A MOL is automatically released by CACSG after all bills included on the recorded MOL have been paid. The Release is mailed to the Circuit Court Clerk of the recording location and a copy is mailed to the taxpayer. Automatic releases do not involve any action from the field agent.

Some situations will require manual release of a MOL by a field agent. The decision to manually release an MOL is determined on a case-by-case basis by the field agent and his/her supervisor. A manual release is issued through CACSG **Legal Action**.

Partial Vacate or Vacate Memorandum of Lien

When it is determined that a taxpayer is not responsible for debts included on a recorded MOL, the MOL can be vacated. The determination to vacate a MOL must be approved by a supervisor. Vacating or partially vacating a MOL should not be discussed, or offered to a taxpayer without prior discussion with a supervisor. The customer must provide documentation to TAX to prove he/she is not responsible for the recorded MOL debts (i.e., a military leave and earning statement or a tax return filed in another state). When received, this documentation is forwarded to a supervisor. A MOL Vacate is issued through CACSG **Legal Actions** and will be routed to the supervisor for approval.

If a secondary taxpayer's name has been included in a recorded MOL and he/she is not responsible for the recorded debt(s), a Memorandum of Lien Partial Vacate as to Name Only letter is issued to the circuit court where the MOL was recorded. The MOL Partial Vacate is issued through CACSG **Legal Actions** and will be routed to the supervisor for approval. The taxpayer must provide TAX with the necessary documentation to prove he/she is not responsible for the recorded MOL debts.

Acceptable documentation for proving no responsibility for the bills listed on a MOL includes:

- Corporate charter
- Divorce decree
- Military leave and earnings statement
- Tax return filed in another state for the year(s) in question

Memorandum of Lien Subordination

TAX may agree to subordinate a MOL in certain situations. Subordinating a MOL must be approved by a supervisor. Example: A taxpayer owns two tracts of real property. One tract of the real property is in foreclosure and TAX agrees to subordinate the MOL for the tract of property in foreclosure to the Deed of Trust held by the bank or financial institution. A Memorandum of Lien Subordination (COL058G) is issued through CACSG **Legal Actions, Take Subsequent Legal Action** and will be routed to the supervisor for approval.

Expunge a Memorandum of Lien

Expunging a MOL or judgment is the removal of the document from court records at the order of a judge. An actual hearing before a judge may be necessary to expunge a judgment or MOL. All requests must be referred to the Compliance Enforcement Supervisor.

Notice to Appear in Lieu of Summons

The Notice to Appear in Lieu of Summons (Notice to Appear) is a collection tool used to establish personal contact with a taxpayer/customer and to obtain returns, payments or information. The Notice to Appear in Lieu of Summons (COL021G) is issued in CACSG and can be sent by regular or certified mail or personally delivered to the taxpayer or business. A Notice to Appear instructs the taxpayer to bring the requested information to the field agent at a specific location at a specific date and time. In order to issue Notices to Appear, field agents must make arrangements for a place to meet with taxpayers such as a local Commissioner of the Revenue office or State agency. The meeting facility must be adequate for confidential tax account discussions.

If the taxpayer fails to respond to the Notice to Appear, the field agent may refer the account to his/her supervisor for issuing a summons to compel the taxpayer to come forward and provide the missing returns/information.

Subpoenas and Summonses

The Tax Commissioner may, in all matters within his jurisdiction, issue and have served, any writ, notice, process, order, or order of publication which by law may be awarded by or to any court in the Commonwealth of Virginia for the purpose of compelling the attendance of witnesses, production of records, and for the enforcement of his findings, orders and judgments. (*See Code of Virginia §58.1-216*)

Subpoena Duces Tecum

A Subpoena Duces Tecum is an avenue used by the Tax Commissioner, or his delegates (currently delegated to Compliance Enforcement Supervisors) to summons a taxpayer, taxpayer representative, or any related record keeper to produce certain books and records to the assigned field agent by a certain date. Subpoenas may request the following:

- Bank signature cards
- Canceled checks, bank statements and deposit tickets
- Actual records of the taxpayer which may include accounts receivables, sales invoices, payroll ledger, or, disbursements ledger.

A subpoena may be used to force the taxpayer to produce records for actual tax assessments, or to determine responsible officers. The information may indicate additional lien sources. The subpoena is also used to gather information to support evidence of intent in criminal cases.

Subpoenas duces tecum are generated in the CACSG system by the Compliance Enforcement Supervisor. The supervisor's signature must be notarized. The form may then be delivered by the assigned agent, or, in some cases, law enforcement officers. Circumstances will dictate if the requested records may be forwarded by mail, or, delivered to a field agent.

Writ of Fieri Facias

A Writ of Fieri Facias is a legal document signed by the Tax Commissioner, or his delegate, that commands the sheriff to levy the goods and chattels of the taxpayer and make the amount a judgment. Prior to issuing a Writ of Fieri Facias, a current memorandum of lien must be on file. The recordation of the writ perfects the MOL recorded at the circuit clerk's office and allows it to be enforceable against the personal assets of the taxpayer. The writ allows TAX to seize and sell personal and capital assets of the taxpayer such as automobiles, business equipment and/or business inventory.

The use of a Writ of Fieri Facias is often a last resort and careful consideration must be given to the process. Investigations by field agents should determine adequate equity in the personal property to justify the action. The investigation process may involve detailed research of financing statements and the priority of other judgments at the circuit court clerk's office. It is the decision of the Compliance Enforcement Supervisor whether to recommend this type of action to the Tax Commissioner.

The writ of Fieri Facias is generated in CACSG (COL010G) by the assigned field agent and routed to the supervisor for review. If approved, the supervisor routes the document to the Compliance Support Unit in central office to be processed and routed to the Tax Commissioner for signature.

Upon receipt of the approved writ, the assigned agent delivers the document to the Sheriff. In turn, the Sheriff's office visits the physical premises, takes an inventory of the personal property and records the writ in the circuit court clerk's office.

The sheriff's office will advertise the items for sale in the local newspaper in such a way to comply with legal requirements. An auctioneer will handle the sale and the proceeds are distributed based on priority of recorded judgments after payment of the administrative costs.

Jeopardy Assessments

Jeopardy assessments are issued under circumstances where it is determined that the collection of income, employer withholding or sales and use tax (including penalty and interest) will be jeopardized by delay. (*See Code of Virginia 58.1-313, §58.1-473, §58.1-631*) The jeopardy assessment process is an effective collection tool when there is reason to believe the taxpayer may be a flight risk or may be in the process of liquidating assets that could be used to pay delinquent taxes. This process bypasses or expedites processes that ordinarily require TAX to give the taxpayer notice and a specified period of time to respond before collection action is initiated.

When a field agent has reason to believe the collection of taxes are at risk if there are delays in initiating action, he/she should refer the account to a senior field agent or supervisor. If the supervisor is in agreement that collection of taxes could be jeopardized by delay, a request for having the deficiency in tax declared to be in jeopardy should be submitted to the Compliance Support Unit (CSU) Supervisor. The CSU Supervisor will begin the process and complete forms necessary for review and signature by the Tax Commissioner. If the Tax Commissioner declares collection of the tax, penalty and interest to be in jeopardy, the signed declaration will be routed back to the CSU Supervisor and then to the Compliance Enforcement Supervisor. Upon receiving the jeopardy declaration, delivery of the notice demanding immediate full payment will be made to the taxpayer by a field agent(s). A Notice of Intent to File a Memorandum of Lien and MOL may be delivered concurrent with the demand for payment. If payment is not received, the field agent can deliver the MOL to the court clerk for recording.

Hearings, Padlock, Revocation, and Criminal Warrants

Virginia Department of Taxation uses padlocking, revocation of sales tax certificates of registration and criminal warrants for resolving high risk, chronically delinquent accounts. These are the highest level, most serious collection activities of the collection/compliance enforcement process. The padlocking and revocation processes and/or criminal warrants are initiated, as a last resort, when all other collection efforts have failed. Hearings are conducted to determine if a business should be padlocked, if the sales tax certificate of registration should be revoked, or to determine the responsibility of corporate/partnership officer(s) or member(s) for unpaid taxes of the business.

The Hearings Process

If standard collection efforts and actions do not produce results in resolving an account, the account may need to be referred for a hearing. The criteria for determining if an account should be referred for a hearing is outlined in Chapter 4. (*Revocation Hearing -See Code of Virginia §58.1-613.D*)

A hearing is an administrative process conducted by a hearing officer. The hearing officer has the authority to make agreements for resolution, determine corporate/partnership officer personal responsibility for unpaid taxes, require a cash or surety bond as a condition of continued operation, and to order the business to be padlocked or the sales tax certificate of registration revoked.

Supervisor Review

When accounts are referred for a hearing, the supervisor or a senior field agent will review each account to determine if all applicable criteria have been met. If additional action is necessary, the supervisor will refer the account back to the field agent or to the senior field agent for completing all collection actions that are prerequisite of the hearing process.

Scheduling

The supervisor or field agent senior will contact the hearing officer to obtain an available date for hearings. Preferably, a minimum of four accounts should be on the referral list before contacting the hearings officer, but if special circumstances apply (large balance, high risk accounts) the hearing officer can be contacted for a hearing date when fewer accounts have been referred. When a hearing date is established, the supervisor or senior field agent will prepare a hearing schedule. When deemed necessary, more than one day can be scheduled for hearings.

Hearing Account Assignment

Prior to issuing the hearing notice, an account that has been scheduled for a padlock or revocation hearing should be routed to the Pending Padlock Hearing (DX71) or Pending Revocation Hearing (DX81) work states in CACSG. The account can remain assigned to the field agent or can be reassigned to a senior field agent depending on district account assignment procedures. Routing to a new work state is not necessary for accounts being referred for show cause hearings.

Hearing Notices

Taxpayers must be given a minimum 10-day notice of a hearing. The notice is prepared in CACSG by the field agent or senior field agent. Directions to the hearing location and a copy of the Taxpayer Bill of Rights should be included with the hearing notice. The hearing notice must be sent by certified mail or personally delivered to the taxpayer/business. If sending by certified mail, the notice must be mailed a minimum of 13 days before the hearing, allowing additional time for mail delivery. If the notice is delivered, a receipt for hand delivered mail (COL081) must be prepared with the notice. When delivering a hearing notice to a business, the field agent or field agent senior should attempt to make contact with the owner, corporate officer or person authorized to receive confidential tax information. The hearing notice should be explained and a signature obtained on the delivery receipt. If the owner or an authorized individual cannot be contacted for delivery, the hearing notice may be left at the business in a sealed envelope. Whenever possible, the notice should be left with a manager or person in charge of the business during the owner's absence. The signature of the person receiving the notice must be obtained on the delivery receipt.

Recording Hearing Information

When a padlock or revocation hearing notice has been generated, the field agent or senior field agent must enter the date, time and location of the hearing in **Legal Actions** in CACSG.

Documentation

When a hearing notice is generated and mailed or delivered, documentation should be entered in CACSG History stating the date of the hearing and the method of notice delivery.

Information to the Hearing Officer

Information such as a copy of the hearing schedule, a copy of each notice and relevant information about the account including other business/income accounts for the taxpayer is sent to the hearing officer for review at least 10 days prior to the hearing. For revocation hearings, the sales tax bond amount is calculated and included with this information.

Conducting a Hearing – Show Cause

The purpose of a show cause hearing is to determine officer, partner, member, employee, etc., responsibility for unpaid taxes of a corporation or partnership. The CACSG Notice of Personal Responsibility Hearing, COL008A, is generated through general correspondence.

A show cause hearing may also be conducted after an individual has been personally assessed for unpaid taxes of a corporation/partnership. This occurs when officers/partners fail to respond to a Notice of Personal Responsibility, but contest the determination after receiving an assessment notice. *(See Chapter 6 Assessing Unpaid Taxes to Responsible Officers)*

The hearing is conducted by a hearing officer at a TAX hearing sight. The field agent and/or senior field agent may attend the hearing and the taxpayer may be accompanied by or represented by anyone of his/her choice.

Role of the Hearing Officer

Prior to the hearing, the hearing officer reviews the information provided regarding the account and reviews the account history and documentation in CACSG. The hearing officer conducts the hearing and evaluates all evidence presented by the taxpayer and the TAX representative. He/she makes a determination of officer/partner/employee responsibility for unpaid taxes of the business.

During the Hearing

At the beginning of the hearing, the hearing officer introduces himself/herself and any TAX representatives in attendance and explains the hearing process. Identity of individuals attending the hearing will be established. Proper authorization such as a power of attorney is requested for anyone representing the taxpayer/customer. The hearing officer will explain the process and applicable code sections. The taxpayer/customer will be provided with information and the reason(s) why TAX believes he/she may be responsible for unpaid bills of the business.

The taxpayer/customer is given an opportunity to provide an explanation and/or evidence about his/her role in the business. Copies will be made of any information provided by the taxpayer if there is access to a copier at the hearing location. The TAX representative can ask questions and/or provide evidence regarding the account.

The hearing officer will discuss the issues with all parties in effort to make a determination of responsibility. If a determination is made during the hearing, the officer will explain the determination and the taxpayer's rights of appeal. In some situations, additional information may be requested before a determination can be made. A date will be established for providing the information.

After the Hearing

The account will be referred back to the assigned field agent or senior field agent for monitoring compliance or taking the appropriate action in accordance with the hearing officer's determination. The hearing officer, field agent or senior field agent will generate a free format letter in CACSG (COL001) notifying the taxpayer of the hearing officer's determination. Documentation of the hearing results will be entered in CACSG.

Conducting a Hearing – Padlock and Revocation

The purpose of a padlock or revocation hearing is to determine if the business should be padlocked and/or the sales tax certificate or registration revoked due to failure to comply with Virginia tax laws. The hearing is conducted by a hearing officer at a TAX hearing sight. The field agent and/or senior field agent may attend the hearing. The taxpayer may be accompanied by or represented by anyone of his/her choice. If the taxpayer/customer appoints someone to attend the hearing on his/her behalf, the representative must have authorization such as a power of attorney signed by the taxpayer/customer.

Role of the Hearing Officer

Prior to the hearing, the hearing officer reviews the information provided and reviews the account history and documentation in CACSG. During the hearing, the hearing officer conducts the process, which includes explaining the hearings process and reason for the hearing. He/she looks at all evidence presented by the taxpayer and TAX representative and makes a determination regarding revocation of a certificate of registration, or padlocking.

During the Hearing

The hearing begins with the hearing officer introducing himself/herself and TAX representatives attending the hearing and provides an explanation of the process. The hearing officer determines if the person representing the business is authorized to discuss confidential tax information and represent the business for this procedure. A power of attorney form may be requested before the hearing can continue. If an attorney, or CPA, etc., is accompanying the taxpayer, a power of attorney will be requested for future discussions when the taxpayer may not be present. If the business is a corporation or partnership, a list of the officers/partners is requested and compared with TAX records.

The hearing officer outlines the reasons for padlocking or revocation action and quotes any applicable code sections. He/she will refer to the hearing notice for a list of the unpaid assessments and/or returns that have not been filed. For revocation hearings, the bond amount is provided and the bonding requirement is explained. The hearing officer will advise the taxpayer of findings of any additional business or income tax liabilities and include any such balances in discussions regarding payment and compliance. Any returns/payments that the taxpayer has brought to the hearing will be requested.

If returns are provided, the TAX representative reviews the returns and determines the amount of tax due. When return(s) are created in AR, or a business nonfiler assessment(s) for nonfilers is made, an updated balance will be provided to the taxpayer.

The taxpayer is given an opportunity to provide information and/or explanations that show why the proposed action should not be taken. The taxpayer is asked to explain why the taxes have not been filed/paid timely and if the amount due is not being paid in full at the hearing, how he/she proposes to resolve the matter. The taxpayer will be asked how he plans to guarantee compliance in the future. The TAX representative is given an opportunity to provide information regarding the collections efforts, account history, etc. and to ask questions.

The hearing officer will discuss resolution of the account with the taxpayer and may accept or reject any payment proposal. He/she may require certain information or returns to be provided by a specified date. If a payment agreement is reached, the hearing officer will review the agreement and explain that all current returns must be filed/paid timely to the assigned field agent or senior field agent for a specified period of time. The hearing officer will explain the consequences of failure to comply with the hearing agreement (revocation, padlocking, criminal warrants, etc.). If the payment proposal is rejected, the hearing officer will advise of a date that full payment must be made to prevent the proposed action.

After the Hearing

The hearing officer, senior field agent, or field agent generates a letter in CACSG to the taxpayer outlining the hearing results. The letter may be a hearing agreement letter that outlines the terms of the agreement for resolving the account, a failure to show letter, etc. The account is referred back to the assigned agent for monitoring/follow-up. Documentation of the hearing results will be entered in CACSG and the account should be routed to the appropriate work state such as Monitor Padlock (DX72), Monitor Revocation (DX82), Padlock Results (DX73) or Revocation Results (DX83). If the taxpayer/customer fails to comply with terms established during the hearing, the field agent or senior field agent will take the appropriate action.

Post Hearing Monitoring – Padlock and Revocation

Hearing accounts must be monitored for compliance with the hearing officer's determination with respect to actions that must be taken to resolve the delinquent balance and compliance with current filing/payment requirements. While the account is being monitored for hearing compliance, all payments, returns, correspondence and inquiries should be directed to the assigned field agent or senior field agent.

Failure to Appear

If adequate notice of a hearing is given, proof of delivery is established (signature on hand delivered mail receipt or certified mail receipt), or certified mail is returned unclaimed and there was no contact from the taxpayer regarding the hearing notice, a "no show" letter is mailed or delivered to the taxpayer advising of the action to be taken if not paid in full in 10 days. If no response to the letter is received by the deadline date, the business is padlocked or the sales tax certificate of registration revoked.

Monitoring a Hearing Agreement

The field agent or senior field agent will monitor the account for compliance with the terms established during the hearing. All current returns must be filed/paid timely. The assigned agent is responsible for contacting the taxpayer if returns are not filed or payments not made timely. If the taxpayer does not comply with the terms set forth during the hearing, a Notice of Failure to Comply With the Hearing Agreement must be issued. If the taxpayer does not bring the account into compliance as instructed by the notice, the field agent or senior field agent will refer the account to his/her supervisor for padlocking or revocation. The supervisor will review the account and determine what action will be taken.

Revoking a Certificate of Registration

Per *Code of Virginia* §58.1-613.D., a sales tax certificate of registration may be revoked when any person/business fails to comply with Virginia sales tax laws. If the account is not resolved during a revocation hearing or the taxpayer fails to comply with the terms of an agreement made during a hearing, the field agent or field agent senior should request supervisor approval to proceed with revocation. Upon supervisor approval, a date and time for revocation of the certificate should be established. The revocation letter is generated in CACSG and is delivered to the business during business operating hours by the supervisor and field agent or senior field agent. If there are safety concerns, it will be necessary to request a local deputy or police officer to accompany TAX agents when a certificate is being revoked.

It is preferred that the notice be delivered to the sole proprietor, partner, or corporate officer. If this person cannot be reached, the notice may be delivered and explained to the manager or person in charge of operating the business. If available, the sales tax certificate of registration is removed from the business. A signed receipt for delivery of the notice is obtained. The appropriate party is advised that no taxable sales can be made at the business; therefore, the business is being closed. If the business is not being padlocked, inventory is not taken and the owner is not prohibited from entering the business.

Monitoring a Business After Revocation of a Certificate of Registration

When the sales tax certificate of registration of a business has been revoked, the field agent or senior field agent must monitor the business for compliance with the revocation notice. The business should be checked at various times during normal operating hours for sales activity. If activity is observed, documentation should be made of the date, time and a detailed description of the type of activity observed. The field agent or senior field agent must report the incident to his/her supervisor immediately. The compliance enforcement supervisor will determine the action to be taken. (See *Code of Virginia* §58.1-613.E.)

When a report of sales activity is received, it must be determined if the business is operating on a revoked certificate of registration, or if a new business entity has been established at the same location. If the dealer provides a new certificate of registration, investigation should be made to determine if the new business has any connection/relationship with the revoked business. If requested documentation or information is not provided, TAX may issue a subpoena or summons for records needed to make a determination of relationship. (See *Code of Virginia §58.1-103, §58.1-216, §58.1-217 and §58.1-219*) If it is determined that the revoked business has been sold to a new owner, successor liability provisions should be examined. (See *Code of Virginia §58.1-629*) If the business is operating on a revoked certificate of registration, criminal warrants may be issued. (See *Chapter 5, Issuing Criminal Warrants*)

Remedies for Reinstatement of a Certificate of Registration

When all returns are filed and the balance of all tax, penalty and interest is paid in full and a sales tax bond (cash or surety) is posted, the sales tax certificate of registration can be reinstated.

Padlocking

Virginia Department of Taxation has the authority to padlock a business and place notices of distraint on each padlocked door of any business that is delinquent in filing and/or paying any tax owed to the Commonwealth. (See *Code of Virginia §58.1-1805.C*) If the account is not resolved during a padlock hearing or the taxpayer/customer fails to comply with the terms of an agreement made during a hearing, the field agent or field agent senior should request supervisor approval to proceed with padlocking. Upon supervisor approval, a date and time for padlocking should be established. Businesses are usually padlocked on Monday, Tuesday or Wednesday except for cases approved by the Collections Manager.

Preparations Prior to Padlocking

Prior to scheduling the padlocking date, certain steps should be completed as follows:

- Review the account and make sure a memorandum of lien has been issued and recorded for all delinquent assessments.
- Determine the type of business being conducted (Note: It is Department of Taxation policy not to padlock certain types of businesses such as nursing homes, hospitals and pet stores)
- Determine if real property, equipment and/or fixtures are owned or leased by the taxpayer/customer and obtain names, addresses and phone numbers of the owner(s) of the property being rented or leased.
- Research deeds/titles for assets owned by the business and make note of any liens and/or deeds of trust recorded against the assets.
- Visit the premises and document the number of buildings, the number of doors and type of lock for each door to the property.
- Contact a locksmith and the local law enforcement agency to coordinate scheduling of a padlocking date.

Padlocking a Business

The Padlock Order and Notice of Distraint is issued in CACSG. The padlocking date and time is coordinated with a locksmith and the local Sheriff. The field agent or senior field agent and supervisor should deliver the notice to the business during normal business hours. It is preferred that the notice be delivered to the sole proprietor, partner, or corporate officer. If this person cannot be reached, the notice may be delivered and explained to the manager or person in charge of operating the business. A signed receipt for delivery of the notice is obtained.

Customers and employees are allowed to gather their personal belongings and leave the business. All entrances to the business must be secured in order to ensure that no one may enter the business to remove inventory, merchandise or other property. The locksmith is instructed to change all locks and/or chain lock all entrances to the business. The locksmith will give all keys to the locks to the field agent, field agent senior, or

supervisor. The keys will be kept in a secure place in the home office. If there is a cash register in the business, the owner, officer or person in charge of the business should be asked permission to seize any cash in the register to be applied to the delinquent balance. If permission is granted, the field agent must get a signature on a statement that is giving TAX permission to seize the cash and apply it to delinquent tax bills.

TAX agents must make a written inventory of the assets, equipment, furniture and stock on the padlocked premises. Information regarding any routine maintenance required for the property must be requested from the owner, officer, manager, etc. Dates and times for any routine maintenance required for the property should be scheduled. A Notice of Distrain will be posted on all entrances to the property.

Prior to leaving the premises, TAX agents must check to be sure all persons have left the property, that any heaters or coolers/freezers required to maintain the property and/or inventory are working and check for any potential fire hazards or safety concerns. All lights, except lighting for security purposes, should be turned off and all doors must be checked to be sure they are properly secured.

The padlocking must be documented in CACSG and the account should be routed to the Padlock Results work state.

After a Business Has Been Padlocked

If maintenance is required, the owner will be given access to the property to perform the maintenance. A tax agent(s) must be on the premises when maintenance checks are made and a statement must be signed by the TAX agent(s) and the owner, or the owner's representative, for each entry that is made to the property for maintenance.

The landlord or owner of any real or personal property being rented or leased by the taxpayer should be notified that the business has been padlocked. A third party owner of any leased or rented personal property on the premises of the padlocked business will be allowed to remove the property upon valid proof of ownership.

If the account is not paid in full (including payment of tax, penalty and interest for any returns that have not been filed) within 3 days of the date the business was padlocked, a Request for Writ of Fieri Facias Levy can be generated in CACSG and delivered to the Circuit Court Clerk of the locality of the business. The Writ of Fieri Facias Levy is a request for the Sheriff to levy and sell assets of the business.

When assets of the business have been sold, after deduction of any applicable fees due to the Sheriff, proceeds from the sale will be applied to unpaid taxes of the business.

Bonds

When deemed necessary, the Department of Taxation may require any person, dealer, corporation, etc., subject to collection of sales, use and/or vending machine tax to file a bond to secure the collection of the tax. (*See Code of Virginia §58.1-630*). A bond can be cash (cashier's check), a bond issued through a licensed bonding company (surety), or securities approved by the Tax Commissioner. The amount of the bond is calculated by adding the last six months sales tax liability plus 25%, rounded up to nearest hundred. The bond or securities will be held in a non-interest bearing account.

A bond may be required when a taxpayer has a history of failing to file and/or pay sales, use, and/or vending machine taxes timely. The following describes situations where a bond may be required:

- **Revocation Hearing** – A taxpayer may be relieved from appearing at a revocation hearing if he/she files all returns, pays all tax, penalty and interest and files a surety bond. The hearing officer may require the taxpayer to file a bond as a condition of the hearing agreement.

- **Revoked or Suspended Sales Tax Certificate of Registration** – A bond may be required as a condition for reinstating a sales tax certificate of registration when the certificate has been revoked or suspended.
- **Bad Checks** – A bond may be required when a taxpayer issues two or more bad checks for payment of taxes within a twelve-month period (CACGS correspondence COL023, Request for Sales Tax Bond of Surety).
- **History of Failing to File and/or Pay Taxes** -A bond may be required as a condition of issuing or reinstating a sales tax certificate of registration at any time that it is deemed that the taxpayer has a history of failing to file and/or pay the taxes in a timely manner.

Capture or Return of a Bond

The Department of Taxation may capture and apply the bond to unpaid sales taxes whenever deemed necessary. If the sales tax certificate of registration is revoked, the business is padlocked, the business closes, or the business is sold, and the bond will be applied to the balance due. Any remaining balance not used to pay a balance due will be returned to the taxpayer.

Upon request, the bond may be returned if the following conditions are met:

- A taxpayer has shown compliance by filing and/or paying taxes timely for a period of twelve consecutive months
- The business has been sold or closes and all returns have been filed and there is no balance due.

Processing a Bond

When a field agent receives a bond it must be forwarded to the Compliance Support Unit Supervisor along with a Bond Memo. Please see exhibit 5.1. Non-cash bonds need to be reviewed by a supervisor. If there are questions about the bond, the Compliance Support Supervisor should be consulted.

When the field agent and supervisor determine that a bond needs to be seized or released, an email should be sent to the Compliance Support Supervisor with the pertinent account information.

Commonwealth of Virginia
Department of Taxation



MEMORANDUM

TO: Supervisor Compliance Support Unit

FROM:

DATE: August 12, 20XX

SUBJECT: Cash Bond

Account Number:
Account Name: Address:
Phone:

Please post the attached cash bond/surety in the amount of _____ to the account listed above.

Criminal Warrants

Virginia Department of Taxation has the authority to issue criminal warrants for criminal offenses committed under *Code of Virginia* §58.1. Criminal warrants may be issued when there is evidence of refusal or failure to collect or file required taxes, willful intent to evade the payment of taxes and/or willful intent to defraud the Commonwealth of any tax due.

Criminal Warrant Types

Generally, Class 1 and Class 2 misdemeanor warrants are issued by field agents. However, in some instances, under direction of a Commonwealth's Attorney (CA), felony warrants may be issued. The following are examples of misdemeanor warrants:

- Class 1 – Bad Checks (*See Code of Virginia §58.1-486, §58.1-637, §18.2-182.1*)
- Class 1 - Failure to collect or pay over sales tax (*See Code of Virginia, §58.1625*)
- Class 1 – Failure or refusal to file a sales tax return or filing a fraudulent sales tax return (*See Code of Virginia §58.1-636*)
- Class 1 – Failure to file, failure to withhold, and/or failure to pay over employer withholding tax (*See Code of Virginia §58.1-485*)
- Class 1 – Willful failure to make a return, keep records or supply information (*See Code of Virginia 58.1-1814*)
- Class 1 – Willful failure to collect, account for and pay over sales, use or withholding tax (*See Code of Virginia 58.1-1815*)
- Class 1 – Failure to file individual income tax return (*See Code of Virginia §58.1348*)
- Class 2 – Operating a business making taxable sales without obtaining a sales tax certificate of registration or operating a business on a revoked or suspended certificate of registration (*See Code of Virginia §58.1-613.E.*)

The following are examples of felony warrants:

- Embezzlement of trust taxes – sales and withholding taxes (*See Code of Virginia §58.1-474, 58.1-625, §18.2-11*)
- Class 6 -Two or more acts or omissions within a period of 90 days of willfully failing to truthfully account for sales, use, or withholding tax totaling \$1,000 or more collected from others with the intent not to pay over (*See Code of Virginia §58.1-1816*)
- Class 6 – Intent to defraud by making false statement on an individual income tax return (*See Code of Virginia 58.1-348*)

Prior to Issuing a Criminal Warrant

When a criminal offense is suspected, the field agent should refer the account to a senior field agent or supervisor for review. A thorough review of the account is conducted to determine if there is sufficient evidence that a criminal offense has been committed.

An account summary should be completed that outlines the criminal offenses, dates of offenses, applicable code sections, account history, evidence, etc. This summary may be used by the supervisor to assist in making a determination of approval and/or may be used to provide the Commonwealth's Attorney with information about the case. All criminal warrants must be approved by the Collections Manager (currently Marita Winks/Barbara Toellner). Please see exhibit 5.2. It may be determined that additional information is needed and a Subpoena Duces Tecum may be issued in CACSG by supervisor to obtain records from banks, etc.



Commonwealth of Virginia
Department of Taxation

XXXXX District

CRIMINAL WARRANT RECOMMENDATION

NAME: John Doe

ADDRESS: 0001 Lee Highway
Marion, VA 24354

LEGAL BUSINESS NAME: John and Mary Doe

TRADING AS: Doe's Food Store

PHYSICAL LOCATION: 0001 Lee Highway
Anytown, VA 00000

BUSINESS ENTITY TYPE: Partnership

OFFICERS/PARTENRS: John Doe, Partner
Mary Doe, Partner

FIELD AGENT: Mary Smith

Recommendation
Approved:

Supervisor

Recommendation
Denied:

Date

COMPLAINT: (1) John Doe, partner and operator of a convenience store trading as Doe's Food Store, failed pay over to Virginia Department of Taxation Virginia sales tax that was collected from his customers for taxable sales made at the business for the periods of April through December 2001, April, June, July, September and October 2002 in violation of Code of Virginia §58.1-625 (2) John Doe, partner and operator of a convenience store trading as Doe's Food Store, failed to pay over to Virginia Department of Taxation Virginia employer withholding taxes (Virginia income taxes withheld from the wages of employees of the business) for the periods of April through December 2002 in violation of Code of Virginia §58.1-485.

ACCOUNT SUMMARY (Dates, Actions, results)

When supervisor approval is given for issuing criminal warrants, the Commonwealth's Attorney for the City/County of the business locality may be contacted for review of the case. The account should be routed to the Pending Criminal Warrant (DX91) state in CACSG.

A Criminal Warrant Warning must be sent by certified mail or personally delivered to the taxpayer a minimum of five days prior to issuing a criminal warrant. The Criminal Warrant Warning is issued in CACSG for Class 1 misdemeanor warrants. A Summons for Operating Without a Sales Tax Certificate is issued in CACSG when a business is found to be in violation of *Code of Virginia* §58.1-613.E. For other types of warrants, a Free Format Letter may be issued in CACSG or a non-CACSG letter may be issued. Any such notice should contain information warning the taxpayer that criminal warrants will be filed, a list of the returns not filed and/or delinquent assessments, the deadline for providing returns and/or payment, a mailing address for requested information and/or payment, a contact phone number and signature line for the field agent sending the notice. A paper copy of a non-CACSG notice must be kept on file by the field agent and should also be remitted to backscanning to be archived. Documentation must be entered in CACSG detailing information contained in a Free Format Letter or non-CACSG letter sent to a taxpayer warning of criminal warrants.

Issuing a Criminal Warrant

The process of issuing criminal warrants may vary among localities; therefore, TAX agents should contact local court officials for information regarding procedures for issuing criminal warrants. When issuing criminal warrants under direction of a Commonwealth's Attorney (CA), the TAX agent will follow instructions of the CA. Some jurisdictions will not issue criminal warrants unless there is a risk of flight by the taxpayer or the account has a large balance of unpaid taxes.

Issuing a Criminal Complaint

The first step of the criminal process is issuing the Criminal Complaint(s) in CACSG. Editable fields of the Criminal Complaint will allow the agent or supervisor to enter information such as the locality of the offense, date of the offense, description of the offense (Code references should be included), name, address and SSN of the accused and any additional information that will assist in locating the accused.

This process will vary as CAs may request a separate Criminal Complaint for each period of an offense or may request a Criminal Complaint for a spanned period. CAs usually prefer to review the completed Criminal Complaint before the warrant(s) is issued. Some CAs prefer to complete the Criminal Complaint based on information from a case summary provided by TAX.

Grand Jury

The grand jury is a special type of jury assembled to investigate whether criminal charges should be brought. Some CAs prefer to present evidence before a grand jury prior to issuing felony warrants, while others prefer a preliminary hearing. Field agents may be required to give testimony before the grand jury in connection with the criminal complaint. In preparing for testimony, the field agent should thoroughly review the account and prepare a summary of the account as a guideline for testimony. Please see exhibit 5.3. Information in the summary should include a clear description of the offense, dates, tax types, delinquent returns and amount of tax, penalty and interest. A brief account history that outlines contacts with the taxpayer and efforts to resolve the matter may also be included. The field agent must be prepared to answer questions from jurors about the account.

ACCOUNT SUMMARY FOR GRAND JURY

Charges

John and Mary Doe, partners and owners/operators in charge of day to day operations of Doe's Food Store located at 0001 Lee Highway, Anytown, VA collected Virginia sales tax on sales made at the business and failed to pay the taxes over to the Virginia Department of Taxation as required by *Code of Virginia* §58.1-625.

John and Mary Doe, partners and owners and operators of Doe's Food Store, withheld Virginia income taxes from the wages of employees of the business as required by *Code of Virginia* § 58.1-461, but did not pay the amount of tax withheld over to Virginia Department of Taxation.

Sales tax is a tax that the customer pays on each taxable item purchased. Dealers (owners/operators of businesses) are required by Virginia law to collect the sales tax from customers each time a taxable item is sold and pay the tax over to Virginia Department of Taxation by a specified date. The dealer is deemed to be holding the sales tax in trust for the Commonwealth of Virginia until a specified date. Sales tax is not an expense to the dealer – the tax is paid by the customer.

The term for income tax withheld from the wages of employees is **withholding tax**. Virginia employers are required to withhold Virginia income tax from employee's wages and pay the tax over to Virginia Department of Taxation by a specified date. Withholding tax is deemed to be held in trust for the Commonwealth by the employer until the due date for paying it over to Virginia Department of Taxation. (*Code of Virginia* §58.1-474.) Withholding tax is not an expense to the employer. The tax is paid by the employee.

Account Summary

(Dates, Actions, Results)

Evidence

(List of evidence of the offense(s) in possession of TAX)

Preliminary Hearing

A preliminary hearing is held by a judge to ascertain whether there is evidence to warrant the binding over of the accused on the felony charge to the circuit court for further proceedings. Field agents may be required to give testimony at the preliminary hearing. As with preparing for grand jury testimony, the field agent should review the account and complete a summary of the account as a guideline for testimony and be prepared to present evidence and answer questions about the account.

Warrant of Arrest

A criminal warrant is issued by presenting the Criminal Complaint(s) to the Magistrate of the locality where the offense occurred, completing a Warrant of Arrest form (DC-314 or DC-312) and the swearing to the accuracy of facts/statements made on the Warrant of Arrest. The Warrant of Arrest form may be completed by the TAX agent, CA or Magistrate. The Warrant(s) of Arrest is based on the offenses listed on the Criminal Complaint. The account should be routed to the Prepare and File Criminal Warrant (DX91) state in CACSG and detailed documentation should be entered such as the type of warrant issued, the date issued, charges filed, etc.

Subpoenas Affidavits and Agreements

Additional forms may be required in association with the issuance of criminal warrants. The Request for Subpoena of Witness and the Plea Agreement forms can be issued in CACSG by the TAX agent. However, the CA may prefer that these forms be issued by his/her office. The following are additional forms that can be generated in CACSG:

- Affidavit to Confirm Nonfiler (COL071)
- Affidavit to Confirm Unpaid Tax (COL072)

Preparing for Trial

After the criminal warrant(s) has been issued, a court date will be set and witness subpoenas will be issued by the CA to all parties that are to appear in connection with the case. Any requests for records, affidavits or certified copies from central office should be sent via email to the Compliance Support Supervisor. Requests sent to central office must state that the information is needed for court and the request should be expedited. The supervisor may request a Subpoenas Duces Tecum for bank records, purchase invoices or other information deemed material to the case. Procedures for confidential tax information must be followed when handling records received in connection with the case.

Contact with the taxpayer and/or the taxpayer's attorney should be under the guidance of a supervisor or the CA. Requests for dropping charges or plea agreements must be referred to a supervisor or the CA. If the taxpayer contacts the field agent for legal advice regarding the criminal warrants, the field agent must advise the taxpayer to seek legal advice from an attorney.

The field agent must thoroughly review the account and have all records and evidence organized and ready to be presented in court. Contact with the CA should be maintained and continuances and changes should be noted in CACSG. The account should be reviewed with the CA prior to the court date.

Presenting a Case in Court

Cases may be heard in General District or Circuit Court. Misdemeanor cases are heard by a judge in General District Court (bench trial) but the taxpayer may elect to be tried by either a judge or by jury in circuit court. Circuit court appearances are felony cases or appeals from the General District Court. In some cases, a plea agreement is made prior to the case being heard. When this happens, the plea must be presented before the court.

field agents must conduct themselves in a professional manner for all court appearances. They must arrive at scheduled times, observe court dress codes and be well organized and prepared to give testimony and answer questions. When giving testimony in court, the TAX agent should present information based on the facts and to the best of his/her knowledge.

Monitoring a Court Case

Immediately after the court hearing, the field agent must document the ruling made by the judge/jury in CACSG and route the case to the Monitor Criminal Warrant (DX92) work state. A copy of the judge's order should be requested and kept on file and sent to central office for back scanning.

The field agent or senior field agent will be responsible for monitoring the account for compliance with the court order. If the taxpayer fails to comply with the court order, the field agent should contact the CA. The CA may bring the matter before the court or instruct the field agent to issue a Motion for Show Cause Summons through CACSG to bring the taxpayer before the court due to failure to obey a court order, make court ordered restitution, etc.

Additional Collection Procedures

Efforts to resolve unpaid taxes do not stop when a business is sold, closes, or is closed by TAX through the padlocking or revocation processes. Field agents continue the collections process by using the appropriate procedures and actions until the account is paid, or it is determined the account is not collectible. In addition to normal collection procedures, processes such as successor liability and assessing unpaid taxes to responsible officers, partners or members may be used.

Successor Liability

When a business has been sold and taxes, penalties and interest remain unpaid, TAX should evaluate the account for successor liability. If any dealer liable for tax, penalty, or interest sells his/her business or stock of goods, or quits the business, he must file a final return and make payment within fifteen days after the date of selling the business. (*See Code of Virginia §58.1-629*) At that time, he/she should also return the Sales Tax Certificate of Registration to TAX and report on the final return the full name and address of any successor.

The successor or purchaser must withhold a sufficient amount of the purchase money to cover any taxes, penalties, and interest due and unpaid until the former owner produces a receipt from the Tax Commissioner showing all taxes have been paid or a certificate stating that no taxes, penalties, or interest are due. If the purchaser of a business fails to withhold the purchase money, he/she shall be liable for the payment of unpaid taxes, penalties, and interest, administered under Chapter 6 of the *Code of Virginia §58.1*, for the account of the former owner. Any person, firm, or corporation who succeeds a dealer in the operation of a business must submit a Combined Registration Application to TAX. When applying for a Sales Tax Certificate of Registration, the successor dealer should inform TAX of the acquisition of the business previously operated and furnish the name and certificate number of the previous dealer. The successor may request a receipt or certificate from TAX showing the amount of tax, or no tax, due by the previous dealer. Such a receipt will be sufficient evidence to authorize the successor to release to the previous dealer any funds withheld from the purchase price. When it is determined that successor liability is applicable, a Sales Tax Certificate of Registration should not be issued to a successor who has been notified by TAX of any unpaid taxes, penalties or interest due and unpaid by previous dealer until such amount is paid in full. However, due to the various avenues of registration available to taxpayers, including Internet registration, Sales Tax Certificates of Registration are usually issued without evaluation of successor liability. Therefore, the field agent must follow-up with checking for successor liability when a business in his/her assigned inventory has been sold.

Assessing Unpaid Taxes to Responsible Officers

(See *Code of Virginia §58.1-1813*) If the delinquent taxpayer is a corporation or a partnership, one or more officers or employees who meet the definition of responsible person may be personally assessed a penalty for 100% of the amount unpaid taxes, penalties and interest . The assessment must be made within the period of limitations for assessing the delinquent tax to responsible officers, partners, members, etc. Generally, the conversion of debt is three years from the return due date for a filed return and six years for an unfiled return. The statute of limitations for all assessments is outlined in exhibit 6.1. (*Code of Virginia §58.1-104, §58.1-312, §58.1-634*). All tax account periods should be carefully screened to ensure the data integrity of an assessment.

Conversion of debt to the responsible officers or member is a collection tool that may be used prior to a business closing. Conversion of debt may be included in the terms of an administrative hearing if it is shown that the taxpayer can personally pay the debt or the length of any payment agreement exceeds the statute to convert. Converted liability is also an effective method of seizing personal income tax return refunds, particularly when the original taxes have not be paid to the Commonwealth. Debt of any closed business should be converted as a matter of procedure.

Prior to personally assessing responsible officer(s), partner(s), members, etc., for unpaid taxes of a business, the field agent must make sure that a memorandum of lien has been issued for all unpaid bills of the business and that prerequisite criteria has been met per *Code of Virginia, §58.1-1813-1815*.

Exhibit 6.1

STATUTE OF LIMITATIONS FOR THE ASSESSMENT OF STATE TAXES	
THIS DOES NOT REPLACE AUTHORITATIVE DIRECTIVES OR REGULATIONS	PERIOD OF LIMITATIONS FOR ASSESSMENT FROM THE DUE DATE OF THE RETURN
<u>TAX TYPE</u>	
SALES & USE TAX (VA CODE SEC 58.1-834)	
• Generally	3 years
• False or fraudulent return	6 years
• Failure to file a return	6 years
EMPLOYEE WITHHOLDING & INCOME – INDIVIDUAL & CORPORATE (VA CODE SEC 58.1-104 & 58.1-312)	
• Generally	3 years
• EXCEPTIONS	
• Failure to file a return	Unlimited
• False or fraudulent return	Unlimited
• Failure to report change in federal income	Unlimited
• Failure to report decrease in tax credit claimed for another state as a result of audit or amendment by the other state	Unlimited
• Signed waiver of time limitations	Unlimited
• Failure to report change or correction in federal income tax	1 year
• Recovery of erroneous refund due to Department error	2 years
• Recovery of erroneous refund based on fraud or misrepresentation of a material fact	5 years
OTHER STATE TAXES (VA CODE SEC 58.1-104)	
• Generally	3 years
• False or fraudulent return	6 years
• Failure to file a return	6 years

Identifying Individuals Presumed to be Responsible

The first step in the process of assessing unpaid taxes of a corporation or partnership to individuals is identifying officers, partners, members, employees, etc. that may meet the definition of responsible person. The process begins by checking the customer profile and relationship(s) in AR and related information for names and/or social security numbers of officer(s), partner(s), etc., that were listed on the Combined Registration Application. Other methods of identification include reviewing account history comments in CACSG, reviewing copies of returns, remittances and correspondence, that can be accessed through Image Retrieval/Image Viewer, for signatures and corporate officer information and accessing the State Corporation Commission (SCC) website or contacting SCC for corporate officer information.

Notice of Personal Responsibility

When presumed liable individuals are identified, a Notice of Personal Responsibility (**show cause letter**) and/or Notice of Estimated Personal Liability is issued in CACSG and sent to each corporate official or member of the partnership, requesting that he/she give reason why he/she should not be held personally responsible for the corporation or partnership debts. The letter will have a due date for response and includes a personal responsibility questionnaire. It is preferred that the letter be sent by certified mail. Response to the notice, returned mail and any action related to the notice must be recorded in CACSG.

Notice of Personal Responsibility Hearing (Show Cause Hearing)

If there is not sufficient information for the field agent to make a determination of responsibility for unpaid taxes of a corporation or partnership, a hearing may be scheduled. The hearing officer will evaluate evidence presented and determine responsibility for the unpaid taxes. When the officers/partners cannot agree on responsibility, a hearing gives all parties an opportunity to make statements and provide documents related to responsibility for paying taxes. The ruling made by a hearing officer will stand as the official finding of TAX regarding responsible party(s). ([See Chapter 5, Conducting a Hearing – Show Cause](#)).

Determination of Responsibility

In order to assess a penalty in the amount of the tax, penalty and interest owed by a corporation or partnership to an individual, the officer, partner, member or employee must meet the definition of responsible person as described in *Code of Virginia* §58.1-1813. It must be determined that the individual had knowledge of the failure to pay taxes, had the authority to prevent such failure and that resources of the corporation or partnership were available to make payment. In cases where responsibility remains indeterminate and the TAX agent believes that corporation or partnership's financial records may enhance the investigation, a subpoena duces tecum may be requested through the Compliance Enforcement Supervisor. The following are guidelines for determining knowledge and authority:

- **Knowledge-** TAX has records of the various contacts that have been made with the officer, partner, member or employee attempting to collect taxes due. Collaborating statements from employees, accountants, other officers or partners, etc. indicating the individual was aware taxes were due.
- **Authority-** The determination of authority derives from determination of which officer is responsible for corporation or partnership expenditures (who decides which bills will be paid). The general definition of responsible person is a person who had knowledge of the tax liability and the authority to dictate the direction of business funds. Records such as corporate minutes, bank signature cards and copies of tax returns and checks submitted as payment are useful in determining which officer(s)/partner(s) have the authority to file and pay taxes.

Conversion Assessment

When TAX determines an individual(s) is responsible for the unpaid taxes of a corporation/partnership, the field agent, field agent senior or supervisor must assess to the social security number of each responsible person penalty in the amount of unpaid taxes, penalties and interest of the corporation/partnership. The assessment is

created in (AR) and is referred to as a converted assessment (*See Chapter 9*). Documentation of the assessment should be entered in (AR) and CACSG. If an officer/partner, etc., fails to respond to a Notice of Personal Responsibility, responsibility for unpaid taxes of the corporation is presumed and assessments are made to the officer(s)/partners(s). In situations where an assessment is made to an individual who files income tax returns jointly with a spouse, care must be taken to ensure that the assessment does not include the name and/or social security number of a non-responsible spouse.

Follow-Up Action

When an individual is assessed with unpaid taxes of a corporation or partnership, the account consisting of converted assessments moves into the CACSG collections process if the balance due is not paid within 30 days. These accounts are then flagged by the system administrator to route directly to the field work list. Appropriate collection action will be taken in the same manner as business or individual income tax accounts. District procedure may indicate that the converted assessment account is manually routed to the agent who created the assessments.

Criminal Warrants – Responsible Officer(s)/Partner(s)

Civil and criminal actions against individuals are appropriate when there is evidence that the individual willfully violated the law. (*See Chapter 5 and Code of Virginia §58.1-1814, §58.11815, §58.1-1816*) An implication of willful violation related to responsible officers/partners is when the corporation/partnership had funds to satisfy the tax debt, but an authorized officer, partner, member, employee, etc., made the choice to use the funds for the payment of other corporate or partnership debts, or diverted the funds for personal use. Willfulness is easier to establish for trust taxes (sales and withholding) in which payment involves the remittance of collected monies. Willfulness can be described as an act (i.e. failure to pay) or an omission (i.e. failure to file) that the taxpayer did knowingly or voluntarily. For example, a responsible officer may direct that company funds be used to pay for raw material or labor rather than be remitted for taxes. The officer consciously and intentionally preferred other creditors of the corporation over what the state tax law requires.

Offer In Compromise

An Offer in Compromise (OIC) is a process whereby an individual, or business makes a written offer to settle the balance due for an amount less than the taxes, penalties and interest assessed. To submit an OIC, the taxpayer must complete and sign the OIC request form and attach supporting documents to validate his/her case. A payment can be submitted with the offer, but will not necessarily influence the final decision to accept, accept with changes, or deny the offer. OIC forms are available through CACSG, on the TAX website and in the Taxpayer Bill of Rights booklet. The Tax Commissioner has the authority to compromise and settle doubtful or disputed claims for taxes, or tax liability of doubtful collectability. TAX will consider an OIC under the following circumstances: (*See Code of Virginia §58.1-105*)

- **Doubtful Collectability** -The taxpayer/customer cannot pay the bill. A current financial statement accompanied by a hardship letter must be submitted with the OIC request form. Taxes and/or interest can be waived in this case. When business assessments have been converted to responsible officers, individual financial statements are required for the responsible officers.
- **Doubtful Liability** -The taxpayer questions office audit procedures and/or established tax law. A detailed explanation must be provided with the OIC request form.
- **Request for Waiver of Penalty** - Extenuating circumstances caused late filing or late payment. A detailed explanation must be submitted with the OIC request form. The department will consider waiver for penalties only due to reasonable cause.

An OIC may be submitted to central office by mail or fax, or may be sent to a field agent, senior field agent, or supervisor. When an OIC is received by a field agent, documentation must be entered in CACSG and the account is routed to the Pending Offer in Compromise (OC01) work state.

The offer is be forwarded promptly to the central office compliance unit in time to allow for a 30 day processing allowance. An OIC recommendation memo is generally provided by the assigned field agent after approval by the supervisor. The recommendation involves general analysis, research and investigation of the documents submitted by the taxpayer. Central office compliance places all bills included in the offer on stop in AR and processes the OIC documents in Siebel. A final decision is made based on the taxpayer documents, information and account history provided. The decision is documented in CACSG. Upon request a copy of the response letter will be faxed to the assigned agent.

Compliance Enforcement

Field agents are responsible for enforcement of compliance with Virginia tax laws. Compliance enforcement duties include checking active businesses for the appropriate tax registrations (i.e. sales, withholding, corporate, litter, tire, vending, etc.), monitoring special events such as fairs, flea markets, craft shows, festivals, etc. for compliance with Virginia tax laws and checking tobacco tax compliance.

Sales and Use Tax Registration Compliance

All businesses engaged in retail sales in Virginia must obtain a Virginia Sales or Use Tax Certificate of Registration (*See Code of Virginia §58.1-613.E.*) As a field agent is working in his/her assigned territory, he/she should make note of new businesses and out-of-state vendors making sales or deliveries of taxable tangible property in Virginia. If the agent observes a new retail sales business or out-of-state vendor he/she can identify himself/herself and request to see a certificate of registration. The field agent should explain that he/she is performing a routine check of sales tax certificates. (*See Code of Virginia §58.1-103*) The Sales Tax Certificate of Registration should be posted near the cash register in every business conducting retail sales. The field agent should make note of the name and certificate number and check AR registration information to verify the certificate is active.

The field agent may make note of the business/vendor name and location and check AR registration information without requesting to see a certificate. Another method of verification of sales tax registration is checking with localities that require business licenses. If verification cannot be obtained through these methods a visit to the business will be necessary.

If a business engaged in retail sales cannot produce a valid Sales or Use Tax Certificate of Registration upon request, the dealer should be advised of Virginia law and given 10 days to obtain a Sales or Use Tax Certificate of Registration. A Free Format letter may be used in CACSG to issue a Notice of Violation to be sent by certified mail or hand delivered to the business (hand delivered mail receipt required). (*See Exhibit 7.1*). If the dealer fails to comply with the requirement to obtain a Sales or Use Tax Certificate of Registration while continuing to make taxable sales in Virginia, or it is determined the dealer is operating on a revoked certificate, the matter should be referred to a senior field agent or supervisor for possible criminal action. (*See Chapter 5, Criminal Warrants*)

Registration Compliance – Taxes Other Than Sales & Use

Businesses are required to register for various applicable Virginia taxes including employer withholding tax, corporate income tax, litter tax, vending machine tax, tire tax, forest products and excise taxes. If a field agent, during the course of routine work assignments, learns that a business has failed to register for a required tax, he/she should inform the owner of the requirement to register and report the matter to a supervisor or appropriate TAX unit.

Monitoring Compliance for Fairs, Flea Markets, Craft Shows, Festivals, Etc.

Field agents routinely monitor compliance for flea markets and special events such as carnivals, circuses, fairs, festivals, craft shows, etc., operating in their assigned territories.

Individuals/dealers selling tangible personal property at these events should hold a Sales Tax Certificate of Registration and are required to collect and remit sales tax on all such sales. For purposes of collection of the tax, no distinction is made between profit and nonprofit vendors. Persons selling at fairs, flea markets, carnivals and circuses do not qualify for the “occasional sale” exemption set forth in the sales tax regulations of 23VAC 10-210-1080 (<http://lis.virginia.gov/cgi-bin/legp604.exe?000+reg+23VAC10-210-1080>) Any person selling at flea markets should contact TAX to obtain a certificate of registration for purposes of making sales at the fair, flea market, etc. TAX may authorize sponsors or operators of fairs, carnivals, flea markets, circuses, etc. to remit the tax collected by persons selling at such events. Any operator or sponsor seeking authorization to remit tax on behalf of participants must apply in writing to TAX.

Flea Markets

Many flea markets are established venues consisting of dealers who sell on a regular basis. Therefore, dealers making sales at a flea market should apply for a Virginia sales tax certificate of registration and display the certificate when making sales. Dealers participating at a flea market less than three times per year may use the Temporary Sales Tax Certificate/Return (Form ST-50). The dealer must contact TAX for the Form ST-50 prior to setting up at a flea market. Vendors making sales at flea markets in more than one locality can apply for a sales tax certificate for multiple locations.

Field agents are responsible for monitoring compliance at flea markets. This includes being aware of flea markets operating in his/her assigned territory, contacting sponsors and dealers to provide information regarding sales tax compliance, providing forms to dealers for filing sales tax, checking certificates of registration, and follow-up on compliance (following up to determine if non-registered dealer obtained a certificate of registration, following through with legal action such as criminal warrants on dealers that refuse to comply). When checking compliance at large flea markets, the field agent may request assistance from his/her supervisor and other field agents. (*See Code of Virginia §58.1-612, §58.1-615, §58.1-616, §58.1-625, §58.1-635, §58.1-636*) (*See Virginia Tax Administrative Code 23VAC 10-210-570*)

Festivals, Carnivals, Craft Shows, Special Events

Festivals, carnivals, craft shows and special events differ from flea markets, as they usually do not operate on an ongoing basis. Generally, these events are held for a limited number of days per year. Vendors participating at these events are required to collect and remit sales tax. Due to the large number of vendors participating at many of the shows, festivals, special events, etc., it is not economical or practical to require all participating dealers to complete a sales tax certificate of registration application.

The following forms have been developed specifically for use for craft shows, festivals, special events, etc.

- **Temporary Sales Tax Certificate/ Return (Form ST-50)** – Dealers that make sales on a limited basis (three or less shows per year) at a flea market, fair, craft show, festival, etc., may use Form ST-50 for remitting Virginia sales tax for the event.
- **District Sales Tax Returns for Festivals, Fairs and Craft Shows** – Districts may develop temporary sales tax returns for specific festivals, fairs, and craft shows. These forms are primarily designed for the use of Virginia and/or out-of state dealers that participate in one specific show per year.

Field agents are responsible for monitoring compliance at festivals, craft shows and special events. This includes being aware of events scheduled in his/her assigned territory, contacting sponsors and providing information regarding sales tax compliance, providing forms to dealers for filing sales tax, checking registrations at events (if applicable), collecting returns and payments at the event and follow-up on compliance (keeping records of participating vendors and contacting dealers that did not file/pay). The size and location of the event are factors used by Compliance Enforcement supervisors in determining the staffing needs and extend of monitoring required for the event.

Tobacco Tax Compliance

The responsibility for monitoring tobacco tax compliance is primarily handled by the Office of Customer Relations – Tobacco Unit. However, field agents may be asked to assist in monitoring compliance with tobacco tax laws.

Field agents sometimes receive complaints from local officials, law enforcement agencies, or citizens regarding tobacco tax law violations. These complaints may include reports of dealers selling cigarettes without tax stamps, dealers selling cigarettes with out-of-state tobacco tax stamps, reports of suspected counterfeit tobacco stamps and reports of violations of law by local tobacco product wholesalers. Any such reports should be reported to the Compliance Enforcement Supervisor. Field agents may be asked to visit the dealer and check tobacco products on the premises for compliance with Virginia tax laws.

Working With Other Units and Agencies

A Field agent's duties may involve working with field agents outside of his/her district group, TAX employees in central office units, other state agencies, federal agencies and local, state and federal law enforcement officials. Confidentiality/disclosure procedures must be observed at all times.

Referring Accounts for Audits

Field investigations may indicate a need for a detailed review of the taxpayer's records. Issues that may come to a field agent's attention include an apparent underreporting of sales tax, the filing of returns that appear unreasonable given the circumstances, purchases of capital assets or supplies without remittance of consumer use tax or individuals that appear to be employees when there is no registration for employer withholding tax. Field agents may report such instances for a possible field audit.

The recommendation of an audit account should follow the procedures as given by the district audit supervisor.

Referring Accounts to the Bankruptcy Unit

When a field agent verifies that a taxpayer has filed for protection under the U. S. Bankruptcy Code, he/she must cease collection activity immediately. The field agent should request the following information:

- Date of Filing
- Bankruptcy Case Number
- Bankruptcy Chapter
- Names of Individuals, Corporations and/or Businesses Included in the Filing
- Name of Taxpayer's Attorney
-

The field agent should document this information in AR and CACSG. The account is referred to the bankruptcy unit by contacting the Office of Collection Legal Unit manager/team leader by phone or email to provide notification of the bankruptcy filing. The Bankruptcy Unit manager/team leader will route the account from the field agent to a bankruptcy work state in CACSG and assign the account to the contract bankruptcy group, Taxing Authority Consulting Services, PC (TCS). A bankruptcy flag is also posted to the taxpayer's bill summary in AR. TCS handles all matters pertaining to the account during the period the taxpayer is under bankruptcy protection. TCS holds the account for a minimum of 6 months after bankruptcy discharge/release before the account is returned to the field. The field agent must refer any contact from the taxpayer or his/her attorney to this unit. TCS has certain access to AR and CACSG and will post history to the accounts. They also have access to TAX secure email allowing secure messaging between the field, central office and the TCS.

Referring Accounts to Outside Collection Agencies

When collection efforts have been exhausted by field agents, an account may be evaluated for referral to an outside collection agency. The account should be reviewed by the supervisor or senior field agent before it is routed to the pending outside collection agency work state in CACSG. The OCA does not issue bank liens or Memorandum of Liens. When an OCA determines that their usual collections process been unsuccessful, they may submit a request to issue liens to DCU/TAX. Prior to referring an account to an OCA, field agents should attempt to resolve the account by issuing third party liens and Memorandum of Liens.

Handling Outside Collection Agency Accounts

Delinquent tax cases that meet certain criteria are randomly assigned to contracted outside collection agencies (OCAs). As a general rule, field representatives should refer any calls in reference to an account assigned to a collection agency to the specific agency involved. For OCA phone numbers, contact the central office Delinquent Collections Unit (DCU) Supervisor or DCU staff. However, if a taxpayer states he/she has submitted requested information, has not been given credit for a payment(s) or has a complaint about a collection agency, the DCU Supervisor or DCU personnel responsible for handling such matters can be notified.

Requests for an account(s) to be transferred from an OCA to a field agent may be made when there are extenuating circumstances such as an account with a high volume of nonfilers, prior history with taxpayer indicating high risk, or the account is a possible candidate for a revocation or padlock hearing. These requests for recall can be directed to the DCU Supervisor or DCU personnel responsible for routing OCA accounts.

Exchanging Information with State and Federal Agencies

All tax information maintained at TAX, including home offices, is confidential. Disclosure or making known to other persons any information is strictly prohibited. This includes not only Virginia tax information, but also other information obtained within performance of job duties such as IRS, VEC, DMV and locality information from Commissioners of the Revenue, or Treasurers.

Direct exchange or disclosure of information to federal, state and local agencies is protected under the disclosure provisions unless pursuant to an agreement. When information is being requested by a federal or state agency per an agreement, a valid request must be submitted per procedures outlined in the agreement.

There are circumstances where field agents need to obtain additional outside information to complete field investigations. Also, there may be a need to coordinate the closing of a business with ABC, or to obtain a copy of a federal tax return to examine schedule information. If such information is deemed material, a request should be forwarded to the supervisor. Pertinent information, including the specific information requested and supporting facts should be provided with the request. Generally, the supervisor will forward this information to the Disclosure Officer for approval.

Any documents received from federal or state agencies through the Disclosure Officer are to be held strictly confidential. When not in use, the documents are to be sealed, marked as confidential and kept in a double locked, secure location. Upon completion of the review of the documents, they are to be sealed, labeled as confidential, sealed in another envelope and forwarded to the Department's designated security employee for proper destruction.

Under no circumstances is any information received from federal, or, other state agencies to be released to another agency, or, locality. Any unauthorized release outside of legal agreements is a criminal offense. It is also a violation not to report known unauthorized disclosures to the supervisor. *(See TAXi Toolbox, Quick Reference, Agency Administration, Disclosure of UNAX; Field Collections Guide, Chapter 2, Confidentiality and Disclosure, TAXi, Compliance, Safeguarding and Disclosure.)*

Accounting Transactions

Accounts are created for individuals and businesses by TAX for the purpose of processing various tax returns, customer-related information and establishing account liability. Registration is the distinct process of creating an account for a business. Accounting transactions may be automated, or manually performed by authorized TAX staff, when necessary, to maintain accurate account liability. Customer service representatives perform the majority of manual accounting transactions; however, field agents are often required to generate multiple accounting transactions for purposes of account resolution.

Accounting transactions are performed when information is obtained in support of modifying a liability. Information may be obtained internally, from other agencies, the taxpayer, or other delegated authority. Documentation in support of the transaction can be in the form of imaged or written correspondence, fax, email, phone call or professional interaction. Thorough account research should be performed prior to and after posting of each transaction to verify accuracy.

On all accounting transactions, the field agent should document the reason in AR. Accounting transactions exceeding certain thresholds require supervisory approval. Upon request for approval, the agent should provide the supporting information to his or her supervisor. Once the transaction is posted, AR re-evaluates the tax account period, updates the taxpayer financial information and forwards the changes to CACSG.

Upon approval of the transaction, the supporting information is forwarded to back scanning to be imaged. Approval is not required on all transactions, but the reason for the transaction should always be documented in AR .

The following are types of accounting transactions utilized by field personnel:

- Abatements • Create Return
- Adjustments • Discharges
- Assessments • Move Tax Account
- Conversions • Move Tax Account Period
- Correct Payment Posting • Remove/Reinstate Return
- Correct Remittance • Write Off
- Create Business Nonfiler Assessment
- Create Return
- Discharges
- Move Tax Account
- Move Tax Account Period
- Remove/Reinstate Return
- Write Off

Abatements

An abatement is a decrease of the liability due on a bill, either fully or partially. Abatements are seldom needed for data processed through AR because of the ability to adjust return line items, return types and submitted dates.

An abatement should only be performed when an assessment is erroneous. Abatements differ from discharges in that a discharge is performed when an assessment is technically valid, but agency policy supports removal of the charge.

An example supporting an abatement is when manually assessed penalty and interest needs to be decreased or when the taxpayer has provided documentation that justified a decrease in a bill and/or return originally processed in the STARS legacy system.

Abatements exceeding \$1,000.00, or abatements attempted by the original assessing operator, require approval by a supervisor.

Adjustments

During initial processing, AR automatically adjusts line items for missing information, negative numbers and/or calculation errors. Once a return is posted, a field agent may adjust the return to make changes to specific line items only and/or any accompanying schedules. Adjustments are performed to correct errors found on original, amended or informational forms or to update a return when additional information is provided. Examples of adjustments include entering tax-exempt sales originally omitted by the taxpayer, or, changing the submitted date of the return after receiving documentation of timely filing.

When a return is adjusted, AR automatically adjusts the other items impacted by the change and validates the adjustment against TAX business and financial rules. As with abatements, adjustments exceeding \$1,000.00 are required to be approved by the supervisor. Procedures listed above for documenting the adjustment in AR notes and providing supporting evidence should also be followed for adjustments.

Assessments

An assessment is a bill imposing tax and/or penalty and interest liabilities. An assessment should only be created when you can no longer possibly create the period liability through normal methods, such as create a return on-line or create a nonfiler assessment. A/R assessments cannot be used to replace filed returns and will not removed non-filer status for a tax period. Assessments can be created for all tax types. Penalties and interest on delinquent periods may be automatically calculated by the system or may be manually calculated.

An assessment is not used to create nonfiler statutory assessments (See Create Business Nonfiler Assessment, Chapter 9.) If the taxpayer has provided returns and/or documentation to modify a liability, the field agent should either create a return if necessary, or adjust a previously posted return rather than creating an assessment. (See Create Return, Adjustments.)

Assessments, with exception of jeopardy assessments, require approval by the Compliance Support Supervisor if the total exceeds \$2,500.00. Therefore, field agents should use reasonable care when keying assessment criteria, with consideration of time limitations imposed by statutes. Upon creation of an assessment, AR reevaluates the tax account period and an automated bill notice is printed and mailed to the taxpayer.

Conversions

Converted tax assessments are business taxes that have been assigned to the individual liability of one or more officer(s) or partner(s) deemed responsible by TAX (See Chapter 6). The field agent should use caution when performing conversions to ensure that the statute of limitations is followed.

Correct Posting of Accounting Entry

The correct posting window allows you to move tax account period entries to another tax account period. This window is also used to move payments from a known tax account period and to move entries other than payments such as returns, bills and extensions. This window is not used to associate a bill payment with a different bill. Correct posting is similar to correcting a remittance, however under the later, the payment detail can be changed. Posting errors usually include the following:

- Another tax account period in the same taxpayer account,
- Another tax account period in a different account of the same taxpayer,
- A tax account period for a different taxpayer

Correct Remittance

A remittance is a check, cash or money order submitted to satisfy one or more liabilities. A remittance can be applied to portions of a bill (tax, penalty or interest) and a portion applied to a filed return. AR posts remittances to taxpayer liability according to internal business rules. Unless there is an exception (i.e. specific third party lien payment), AR applies payments to the newest bill first in the order of tax, penalty and interest. There may be circumstances when correct payment application is utilized to change how the payment applies to the bill liabilities.

If necessary, a field agent can override and modify the direction and detail of the payment. For example, if a bill payment was posted as an estimated payment, the field agent is able to correct the remittance to apply it to the proper bill. Should the payment actually belong to another taxpayer, that error may also be changed under correct remittance.

Create Business Nonfiler Assessment

Through a series of batch processes, AR will automatically identify nonfiler periods and send a delinquent return notice to the taxpayer. If the taxpayer fails to comply, a business nonfiler assessment, or statutory assessment, can be issued. It is an estimated assessment based upon a norm amount calculated from a formula pre-set by TAX.

In working field collection accounts, agents will commonly use statutory assessments as an effective collection tool. In certain situations, third party information is available in which to base a reasonable assessment. For example estimated employee withholding tax assessments can be based upon a percentage of VEC business wages reported or business license gross receipts used to calculate estimated sales tax. If these sources are available, the field agent may override the estimated tax formula set by TAX and enter a manual calculation.

In the event the taxpayer files a return after the statutory assessment, AR will create an original return and reverse the nonfiler assessment. No action is necessary on the part of the field agent in this reversal process.

Create Return

Generally tax returns received in the field are remitted to Central Office for processing and scanning. Fieldwork however sometimes dictates that returns be processed expeditiously. AR provides the ability to manually create a return by entering the line item and schedule information for business returns and post it to the appropriate tax account period. The taxpayer must already have an existing profile, tax account and tax account period. Returns that are manually keyed are forwarded to back scanning to be imaged.

There are four types of returns available:

- Original – first return
- Amended - to correct an error on an original return
- Additional – extra tax liability over and above original
- Informational – return not used to calculate liability

Once the return is entered, AR calculates the balance due. If the balance is over \$2,500.00, the liability must be approved by the Compliance Support Supervisor.

Discharges

A discharge reduces an assessment in full or in part when the assessment is technically valid, but agency policy supports removal of the charge. A discharge differs from an abatement in that a debtor is released from obligation of all or part of his or her debts, whereas, an abatement removes an erroneous assessment. Field agents may need to initiate discharges to bring resolution to an account assignment. Supporting audit trail documentation should be completed by the agent when approval is required on discharges exceeding \$1,000.00. Following are circumstances in which a bill would be discharged:

- Acceptance of an offer in compromise by the Tax Commissioner
- Removal of late filing assessments for penalty and interest when a taxpayer did not receive returns/coupons in a timely manner
- Removal of penalty and interest charges for filing a business return one day late
- Amnesty eligible payments requiring removal of penalty and interest

Move Tax Account

AR provides an avenue for a tax account to be moved to another taxpayer if the tax account happens to be associated to the wrong taxpayer profile. For example, a sales tax return is filed without proper documentation apparently needing a registration. Later it is determined that the sales tax account that was opened should have been associated to another business already registered. In this situation, the entire account can be moved to the correct customer profile rather than moving individual entries. The taxpayer receiving the tax account must already be registered for that tax type.

When moving tax accounts, the field agent should carefully research the customer profiles for the correct identification number. If the identification number is incorrect, the agent should contact the designated authority to correct. If the identification number is correct, but the tax account does not belong, the agent must locate the correct customer and move it to that profile.

When a tax account is moved, the associated primary and personal residence address and customer contact moves with it. In addition, customer relations, all financial information, history, notes and correspondence move as well. Make note that the tax account period being moved may have more current address and contact information than the account to which it is being moved. . This would require that the later be updated.

Move Tax Account Period

When the contents of an existing tax account period have been associated with the incorrect taxpayer, the tax account period is moved. ***Moving a tax account period is not the correct transaction for correcting a payment that has been posted to the wrong taxpayer's account. Correct remittance is used to move a payment is associated to the wrong taxpayer to the correct taxpayer's account.***

The field agent must determine if the return posted is associated with the correct taxpayer by researching both accounts in question. If the customer profile is correct, but the tax account period does not match, locate the correct taxpayer and move the period. For example, a sales tax return is filed based on an old sole proprietorship entity number rather than the current corporation entity number and is posted to the incorrect account. Moving the tax account period to the new account number will resolve the error.

As in moving a tax account, all of the related AR history, notes, correspondence moves with the tax account period. AR also updates the imaged key for the correct taxpayer and re-evaluates the tax period's liability.

Remove/Reinstate A Tax Return

If a return is filed in error, such as a duplicate return processed as an additional return, the field agent should research the customer profile and tax account periods to verify that the return does not belong elsewhere. If a return is removed, AR reverses any tax, penalty, interest and adjustments associated with the return. If a payment was posted with the return, it is the responsibility of the field agent to correct the remittance.

If a tax return is removed in error, a field agent may reinstate the return. If the reinstated return has outstanding liability, AR will reinstate the previous bill and notify CACSG of the debt. Representatives should be aware that if the original return was converted over from the legacy STARS system, if the return has been removed, it cannot be reinstated. Caution should be used when performing this function to insure that it is the correct action to take.

Registrations

When doing business in Virginia, an individual, corporation, LLC, or partnership must determine if the business entity is subject to Virginia taxes. Most entities doing business in Virginia must complete the process of application for registration of an account with TAX. When registering, the customer must submit a Business Registration Application (Form R-1). The Business Registration Application can be completed online at the TAX website, www.tax.virginia.gov via iReg, or an application form can be downloaded from the TAX website. A form can be requested from Customers Services in writing or by phone. Additionally, taxpayers previously or currently registered for a Virginia tax account(s) are required to submit Form R-1, or provide the needed information to reopen a closed account, register a new business location(s) for sales and use tax, or register additional tax accounts.

Occasionally, field agents may be required to provide assistance to taxpayers with completing Business Registration Applications. Completed applications should be forwarded to the Customer Services Registration Unit in central office for processing.

Write-Offs

The placement of a bill in a suspension status, usually because the responsible party cannot be located and/or as a result of exhaustion of collection efforts, is referred to as an account write-off. Although not in active collection status, an assessment that has been written-off is still subject to debt set-off and match transactions. MOLs recorded on bills in write-off status are still valid and enforceable. Bills that have been written-off may be reinstated at any time, normally for application of monies received or because a lien source becomes available.

Field agents should thoroughly review accounts and documentation should be made to substantiate the reason for the write-off of any bills. Write-offs are subject to approval by a supervisor if the amount exceeds \$1,000.00. Write-offs are subject to certain criteria such as:

- Bill(s) to be written-off must be in **Open** status
- A memorandum of lien should have been filed at least 90 days prior to write-off
- Collection efforts have been exhausted and documented
- Individual income bills cannot be written-off if an income tax return has been filed within 3 years prior to write-off
- An ending liability date must be entered for all taxes of a business account prior to write-off
- Accounts with recent bills statements cannot be written-off
- If a business tax bill has been converted to individual responsible officers, the bill cannot be written-off.

Write-offs differ from discharges in that a discharge relieves a debtor from an obligation owed to the Department, but a write-off does not provide relief if monies later become available.

Customer Service and Customer /Taxpayer Rights

Customer service is provided in various ways and degrees within each section of TAX. Ensuring customer satisfaction and putting the customer first in everything we do is a high priority. This is achieved by providing the following:

- Improving service quality
- Reducing the burden of compliance
- Improving customer education
- Improving support to external stakeholders

Providing Service to Customers

Employees of TAX are expected to provide quality customer service, regardless of their role within the Department. All customer contacts should be handled in a professional and courteous manner. Customer service agents are located at the central office location in Richmond. These employees provide various types of assistance to customers, local officials, attorneys, practitioners and others including:

- Walk-in assistance (during income tax filing season only)
- Phone assistance
- Issuing letters in response to customers' written inquiries
- Review, research, examine, analyze and compare information obtained and provided by customers to determine or verify tax liability in consonance with applicable tax laws, rules, regulations and guidelines
- Issuing and explaining abatements, assessments, refunds, setoffs, transfers, discharges, etc.
- Providing assistance with completing various types of tax returns
- Processing payments and tax returns
- Responding to tax lien inquiries and issuing releases of tax liens when appropriate
- Processing business registration applications to create account numbers
- Defending the validity of assessments in order to effect compliance
- Responding to customer e-mails

Field personnel often receive phone calls or other types of contact from customers, local officials, bookkeepers and other business professionals that require customer service assistance. Field agents should refer inquiries requiring customer service assistance to the appropriate customer service section by providing the

Department's web site, e-mail address or the proper customer service phone number and/or mailing address. Field agents should make referrals based on the type of customer inquiry to ensure the customer makes contact with the appropriate agent or section for assistance. Inquiries or requests requiring minimal assistance may be handled by field agents. Field agents may also perform certain accounting transactions, normally performed by customer service staff, to resolve **assigned** accounts. The following are examples of customer service assistance that may be handled by field agents:

- Responding to customer calls requesting some type of form, return coupon, etc., with the exception of bulk mailings
- Answering questions regarding the business registration application
- Answering general questions regarding completing returns and return filing requirements
- Providing local officials and tax practitioners with the Practitioner/Locality Hotline phone number
- Providing customers with The Department's web page address and/or phone numbers, fax numbers and addresses for the customer services section
- Issuing transfers, assessments, abatements, adjustments, discharges and write-offs for resolution of problems with assigned accounts

The Department has advanced technologically in recent years to better assure quality customer service by providing e-mail and web site availability to customers. Customers may obtain a variety of services by accessing the TAX web site, www.tax.virginia.gov.

Taxpayer Bill of Rights

The Taxpayer Bill of Rights was enacted to ensure protection of taxpayer rights in the tax determination and collection processes administered by TAX. The publication provides an overview of a taxpayer's rights per law and covers topics such as:

- Confidentiality Rights
- Taxpayer Rights and Audits
- Taxpayer Rights and Collections
- Taxpayer Rights Advocate
- Taxpayer Rights in the Appeal Process

TAX employees should become familiar with the Taxpayer Bill of Rights to ensure they are not in violation of the rights afforded taxpayers. Field Agents should especially take precaution to adhere to the guidelines noted in the section, Taxpayer Rights and Collections. A copy of the Taxpayer Bill of Rights will be provided for taxpayer review prior to all hearings. The publication may be viewed in its entirety by accessing The Department's website, www.tax.virginia.gov and selecting Taxpayer Rights.

Field Agent Calendars, Reports and Payment Processing

Field agents are required to perform certain administrative functions such as keeping a detailed daily calendar, field visit and mileage records. Individual supervisors may require specific monthly reports for their employees. The tax returns and payments received also have to be tracked, accounted for and documented in CACSG.

Microsoft Office Outlook

Field agents are required to maintain daily itineraries in Microsoft Office Outlook. Office and/or field hours, including location, leave and training hours, etc. are to be maintained on the Microsoft Office Outlook calendar. Access to an agent's calendar must be delegated and should be made available to all other employees with a need to know such as managers, supervisors and co-workers. The calendar not only provides a daily work history, but also informs others the general hours you are available. The field agent may keep mileage and expense information on the calendar as well.

Microsoft Office Outlook calendars should be updated 30 days in advance on a weekly basis. It is realized that appointments and deadlines do arise unexpectedly in the field and that calendars may change at the last moment. The field agent should make every effort to record changes as soon as possible and notify and affected persons.

It is not required, but encouraged that the field agent makes use of the Microsoft Office Outlook Tasks function to eliminate excess paperwork and assist in prioritizing daily work. Items to do may be entered for a specific day, edited, set for automated reminders, and marked complete and deleted. Access to the Tasks function must also be delegated on a need to know basis and should include managers and supervisors.

Payments

Payments for taxes may be made by cash, personal/business checks, money orders, cashier's checks, credit/debit cards, electronic funds transfers and Quick Pay via the TAX website. Field agents routinely receive payments of cash, checks, or money orders to be applied to delinquent accounts assigned to their collection inventories. Payments are submitted to central office for processing and deposit. Payments received must be listed on the field agent's Daily Transmittal Sheet/Daily Report.

Each field agent is assigned a tablet (I-Pad) which allows them to immediately process bill payments electronically without submitting paperwork. Checking, savings accounts and credit card payments can be accepted and processed on the spot with the taxpayer's permission. This is the preferred method for processing bill payments.

Field agents receive payments by mail and in person while meeting with taxpayers or making field visits. It is very important that the field agent take extraordinary care to ensure payments are not lost or stolen. All payments must be kept in a secure place until submitted to central office for deposit. All payments should be submitted to central office for processing no later than the next business day.

Occasionally, a field agent will receive a payment for redeeming a bad check in response to AR correspondence from the bank services unit in central office. If the bad check letter has been posted to AR correspondence history, the check should be submitted with that particular voucher and submitted to processing on the daily transmittal. If a bad check letter has not been generated, the payment should be forwarded to bank services unit. The field agent must enter documentation in AR or CACSG indicating the amount received, the date received and the date it was processed in the field.

Handling Cash Payments

Sometimes taxpayers make cash payments to field agents. An official cash receipt should be issued to the taxpayer for each cash payment received. (*See Receipt Book Procedures listed below.*) The cash payment must be kept in a secure place.

Prior to sending a cash payment to central office for processing, it must be converted to a bank money order or a cashier's check. Cash money collected will be converted to a money order or cashier's check on the day the receipt was written, if possible. If not, the conversion will be done on the morning of the next workday. The field agent should take all cash payments to a bank used by the Commonwealth of Virginia as a depository for conversion. There will be no fee charged for issuing money orders or cashier's checks at these banks. A separate money order or cashier's check should be obtained for each cash receipt issued.

Receipt Book Procedure

Prior to a receipt book being assigned to a field agent, the Compliance Enforcement Supervisor records the receipt numbers. Once assigned, the inclusive receipt book numbers (Ex. 2500125025) are reported to Compliance Support Supervisor.

A cash receipt book is assigned to each field agent. Care must be taken to ensure the book is not lost or stolen. receipt books should never be left unattended at a taxpayer's business. If a receipt book is lost or stolen, the field agent must report the incident to his/her supervisor immediately. If a receipt book is lost, the Compliance Enforcement Supervisor will immediately notify the Compliance Support Section in writing. The lost book should be identified by its receipt numbers. Additional information provided should include the number of receipts remaining in the lost book and all facts related to the loss.

Receipts are written for all cash collected and for checks and money orders when requested by a taxpayer. Copies of receipts are distributed as follows:

- Original (white) copy goes to taxpayer
- Second (green) copy is **attached to the field agent's Daily Transmittal**
- Third (yellow) copy remains in the receipt book

If a receipt must be voided, the following procedures will be followed:

- "VOID" is written on all copies
- White and green copies go to the supervisor with written documentation explaining the reason for voiding the receipt
- The supervisor initials all documents and forwards them to the Compliance Support Section
- The yellow copy remains in the receipt book

When it is necessary to make a correction to any item on a receipt, the receipt preparer must initial the correction while all copies are intact in the receipt book. A written explanation will accompany the green copy of the receipt when forwarded to central office.

Handling Checks and Money Orders

The majority of payments received are in the form of checks or money orders. All payments received must be kept in a secure location until time to submit the payment(s) to central office for processing. All checks and money orders should be made payable to Virginia Department of Taxation. Field agents should not accept postdated checks. If the taxpayer has a history of issuing bad checks, the field agent may request that all payments to be made by certified funds (cash, money order, certified check, etc.) When a taxpayer is making payment with a third party check payable to him/her, the taxpayer must endorse the check over to Virginia Department of Taxation.

Requests for Payment by Credit Card

Field agents can process credit card payments for tax bills on their tablet (I-Pad) - fees are noted below and should be explained to the taxpayer. If a request for payment by credit card is received, and the agent encounters issues that prevent them from processing the payment, the following information can be provided to the taxpayer:

- Credit Card payments are handled by Official Payments Corporation, phone number 1800-2PAYTAX, the Tax Jurisdiction Code is 1080, the WEB address is: www.officialpayments.com
- Official Payments Corporation accepts all major credit cards. They charge a 2.5% convenience fee that is added to each transaction.
- Payments through Official Payments Corporation can be for
 - Business taxes, bills only therefore, there must be at least one assessment in AR.
 - Assessment notice or consolidated bill
 - Personal income tax and estimated payments
- Payments usually post to the TAX account within 48-72 hours
- Tax bills may be also be paid online @ www.quickpay.virginia.gov/BillPaymentLogin. This is a free online service to pay and view outstanding tax bills
- The Department of Taxation's Cashier's Office will accept credit and debit card payments from walk-in customers only in Richmond. Discover, MasterCard and Visa are accepted. The following fees apply:
 - Debit Cards - \$3.95
 - Credit Cards – 2.49% of the payment

When a taxpayer has indicated he/she is going to make payment by credit card, the field agent should follow-up by checking the account within 48-72 hours to see if the payment has posted. System problems cause delays in credit card postings; therefore, the account may have to be checked several times.

Field Agent's Daily Transmittal Sheet

Daily Transmittal Sheets or Daily Reports must be submitted to central office (Processing Section) when revenue has been collected from taxpayers. The report must include required information to enable correct processing of payments. A report may be required for each workday, even if no payments are remitted. However, transmittals/reports should not be submitted to central office if there are no payments to report. The transmittal/report may serve as daily work history and will recap leave and mileage requirements in the event supervisor review is needed and the information has not been recorded in Microsoft Office Outlook.

Daily transmittals should be held for at least 2 years. [Please see exhibit 11.1 – Daily Transmittal in Excel format](#). All reports must contain the following information:

- Transmittal/Report Date
- Account Number - 15 digit number if return is submitted.
- Account Name – Enter the taxpayer's legal name.
- Tax Type – Enter the type(s) of tax such as sales tax and/or employer withholding included in the payment
- Bill Number – If applicable
- Payment Amount
- Comment- for any unusual entry explanation.
- Name
- District
- TOTAL- total amount of payments
#of items- number of checks submitted on the report.

Any Daily Transmittal report being sent to Central Office/Processing should be done on the current Daily Processing Form (attached).

Agency Personnel and Equipment Policies

Virginia and Virginia Department of Taxation has a number of policies and procedures for the management of personnel and the use of State owned equipment. These policies and procedures affect the daily work of field personnel. There are many resources available for viewing agency personnel and human resource management policies at the Department of human Resources website (<http://www.dhrm.virginia.gov/resources/manuals.html>) including *The Employee Handbook* and *The Human Resource Management Policies and Procedures Manual*.

Timekeeping

Classified non-exempt employees and hourly wage employees are required to use the agency's automated timekeeping system, TAL (Time, Attendance, Leave). This system was designed to ensure compliance with the Fair Labor Standards Act recordkeeping requirements for non-exempt employees which require employers to keep certain records for each non-exempt employee for a period of at least three years.

TAL is a web based timekeeping system which consists of daily time sheets to be completed for each scheduled workday and a Time Sheet for the current week which includes all daily time sheets for the week. The data recorded in TAL shall be considered as the official record of the workday. The Time Sheet for the week must be completed and submitted to the supervisor for approval on the Monday after the week ends. Leave taken is listed on the weekly Time Sheet. TAL is accessed at the bottom of the first page in TAXi.

Leave Policy

Leave policy applies to all positions covered under the Virginia Personnel Act including classified and restricted employees. The Human Resource Manual for Management Policies and Procedures define the following leave types (<http://www.dhrm.virginia.gov/hrpolicy/policy.html#benefits>):

- Administrative Leave
- Annual Leave
- Compensatory Leave
- Educational Leave
- Emergency/Disaster Leave
- Family and Medical Leave
- Leave Sharing

- Overtime Leave to Donate Bone Marrow or Organs
- Leave to Provide Community Service
- Leave Without Pay-Conditional/Unconditional
- Military Leave
- Sick Leave
- Virginia Sickness and Disability Program Leave
- Worker's Compensation

Leave Request

Field Agents should request leaves of absence as far in advance of the desired leave as practicable. If an employee could not have anticipated the need for a leave of absence, the request for approval must be made as soon as possible after leave begins. The request may be submitted verbally, by email or through TAL. Leave is reported in TAL .Timesheets in TAL should be submitted to the supervisor on Monday of the week following leave.

Leave Approval

Before taking a leave of absence from work, whether with or without pay, field agents should request and receive agency approval of the desired leave. When agency operations are not affected adversely by a request for leave, the agency should attempt to approve an employee's request. If the time requested for a leave of absence conflicts with agency operations, the agency has the discretion to approve the employee's request for an alternate time. Agencies may not approve paid leaves of absence to be taken in a pay period in which an employee does not have sufficient accrued leave to cover the absence.

The employee is responsible for knowing his/her amount of accrued leave. Employees will be required to reimburse their agencies for time taken without sufficient accrued leave to cover such time off. Reimbursement may be in the form of money or annual, sick, compensatory, or overtime leave. Leave balances are recorded by Virginia Department of Accounts and is accessed in TAL.

Travel Policy

Travel within and outside of the field agent's assigned territory is part of routine job activity. The Commonwealth of Virginia will reimburse employees traveling on official State business for reasonable and necessary expenses incurred.

Travel Within an Assigned Territory and District

During the course of routine job activity, the field agent often travels within his/her assigned territory or district. The distance of travel from the base point varies, but normally does not require overnight travel. Base point is defined as the place, office, or building where the employee performs his/her duties on a routine basis. For many field agents, the base point is his/her home.

Travel Estimate

Travelers must prepare an estimate of the total cost of any proposed overnight travel expected to exceed \$500.00. A Travel Estimate Form must be submitted by the traveler and approved by an appropriate member of management prior to travel. The agency may determine the appropriate member of management at its discretion. To ensure adequate planning (identification of costs and exceptions), the requirement to prepare a cost estimate for overnight travel expected to exceed \$500.00 also applies to agency heads and cabinet. Total costs include lodging, transportation, meals, conference registration, and other travel costs or course fees. Costs of the trip that may be direct billed, such as lodging or conference registrations, must also be included in the cost estimate. The estimate must accompany both the Travel Reimbursement Voucher and any applicable direct-billed Vendor Payment Vouchers. For planned travel, the traveler must be able to demonstrate, with documentation, that a reasonable effort was made to secure the most cost beneficial means of travel for the Commonwealth. The Travel Reimbursement Voucher is also available in the [TAXi Toolbox Forms Library/Office of Administration- Fiscal Division](#).

To ensure compliance with travel guidelines issued by the Department of Accounts, the following should be conducted when traveling over 200 miles per day for normal field activity or 100 miles per day when attending a scheduled meeting:

- If the employee has been assigned a state owned vehicle, the state owned vehicle should be used for travel.
- If the employee does not have a state owned vehicle, they should contact Sandy Baker to see if a state owned vehicle is available.
- If a state owned vehicle is not available, the employee should complete the DGS trip calculator to determine if it is cheaper to use an Enterprise rental automobile or the employee's personal vehicle. The employee should use the cheaper of the two options (enterprise rental or personal vehicle).

Note: If the employee elects to drive their personal vehicle, when a state owned vehicle is available or when it is cheaper to use an Enterprise rental automobile, they will get reimbursed at the lower mileage rate.

Reimbursement for Expenses

Although not all-inclusive, the following information is required for expense reimbursement and must be submitted with the Travel Expense Reimbursement Voucher. Please see Exhibit 12.3.

- Employee Identification Number
- Department, Agency (top Block)
- Last name, first name and address of traveler
- Personal vehicle statement (Must check one box if personal auto used for Travel)
- Check box confirming state employee status
- Dates of travel, including departure and arrival times
- Initial area confirming computations are correct and all receipts attached
- Authorization Approvals- (Normally, Immediate Supervisor)
- Exception Approvals- (Which must be received in advance of travel)
- Reason for travel (Purpose of trip)
- Hard-copy confirmations of expenses if online methods were used to procure services –(i.e., airline tickets, rental automobiles)
- Itemized receipt for lodging
- Receipt for registration fees, parking, taxi, metro, air
- Original electronic signature of traveler
- Original electronic initials certifying computations are correct
- Scan copies of receipts to an additional page

Travelers must keep receipts and accurate records to ensure correct reporting and submission of travel reimbursements. Travel reimbursements will not be made from travel charge card statements or tissue receipts. Expenses for each day must be shown separately on the voucher. Travelers must submit the Travel Expense Reimbursement Voucher via email to the supervisor within 5 working days of the last day of travel for which reimbursement is requested. Vouchers showing overnight travel must be submitted within 5 days of completion of overnight travel.

By signing the travel reimbursement request (electronic signature is accepted), the traveler is certifying the accuracy of all information and the legitimacy of the travel. The signature of the traveler's supervisor certifies that he/she agrees that the travel was necessary and the requested reimbursements are proper.

State Vehicles

Due to the travel required to perform job duties, field agents may submit a request for assignment of a State owned vehicle for use in job related travel. TAX management may determine that personal mileage reimbursement is not economical when the amount of miles traveled per year equals or exceeds a certain level. Assignment of State owned vehicles is usually based on the number of miles traveled per year and the availability of state owned vehicles.

Use and operation of State owned vehicles should be in accordance with Virginia Department of General Services, The Office of Fleet Management Services Policies and Procedures. The manual is available online at <http://fleet.dgs.virginia.gov>. Vehicle operators are responsible for reviewing and conforming to all rules and regulations pertaining to the use, maintenance and operation of a fleet vehicle.

Use of State Owned Vehicles

Operators shall use fleet vehicles for official state business only. When an employee is using a fleet vehicle for travel while away from his workstation, the vehicle may be used for travel to obtain meals or other necessities. Persons who operate a fleet vehicle should drive in such a manner as to be a credit to themselves and the Commonwealth. It is the responsibility of each individual operator to observe all motor vehicle laws of Virginia. Operators must not knowingly operate vehicles that do not comply with legal requirements. All violations and fines, including parking citations, are the responsibility of the assigned driver at the time of such violation.

Individuals and agencies are responsible for secure and safe storage and parking of vehicles. Fleet vehicles shall not be left on non-residential streets or highways overnight unless it is necessary due to mechanical failure or emergency. For complete information on the use and operation of State owned vehicles, (*See The Office of Fleet Management Services Rules and Regulations for complete information on the use and operation of State owned vehicles*)

State Vehicle Accidents

It is required that all accidents involving a fleet vehicle, regardless of the amount of damage, must be investigated by a State Police officer. Arrangements for the handling of such investigations have been made with the Department of State Police and all troopers are familiar with the information desired. In the event of an accident/incident, the operator of the State owned vehicle must contact Vehicle Management Control Center (VMCC) at 866-857-6866 immediately. VMCC or the vehicle operator must contact the State Police. Each State owned vehicle should have an **Accident Packet** in the vehicle that provides instructions including State Police contact numbers and a phone number for the Commonwealth's insurance carrier. If the driver involved cannot contact a local state trooper it will be necessary for him/her to call the nearest State Police Division Headquarters

Accident Reports

The operator is required to fill out an "Automobile Loss Notice" form on any crash regardless of the amount of property damage or personal injury. The forms may be obtained from your agency transportation officer. The original of the "Automobile Loss Notice" form should be forwarded directly to the Commonwealth's insurance carrier and a legible copy of the "Automobile Loss Notice" form should be forwarded to the Allstar Fleet Services, VMCC, 2400 W. Leigh Street, Richmond, Virginia 23220. Also, if personal injury or death occurs to the other party, the insurance company should be contacted immediately.

An envelope containing a crash checklist and instructions is placed in the glove compartment of each pool vehicle operated out of OFMS in Richmond and a supply is furnished to the agencies with vehicles on regular assignment. In the event that the Insurance Information Card is not available or if assistance is needed the fleet administrator's office should be called in Richmond (804-367-6936).

Operators are cautioned against accepting responsibility for an accident or discussing the crash with anyone other than their supervisors, law enforcement officers, or a representative of an insurance company representing the Commonwealth of Virginia. The name and address of the Commonwealth's insurance carrier are noted in the "Accident" packet, which should be located in the glove box of each vehicle.

Summary of Accident Reporting and Repairs

- Contact VMCC at 866-857-6866. VMCC or the driver must notify State Police immediately.
- Obtain names, addresses, phone numbers, and license numbers (if applicable) of all involved parties and witnesses. (Instructions and forms are provided in the **Accident Packet** located in the State vehicle)
- If vehicle is inoperable, VMCC will make arrangements for towing and transportation of the driver and any passengers to safe location.
- Follow instructions in the **Accident Packet** for reporting the accident to the Commonwealth's insurance carrier.
- The vehicle will be taken to a shop specified by VMCC for securing estimates and/or repair.
- Advise your supervisor and agency transportation officer of the crash and obtain necessary forms.
- Complete the crash "Automobile Loss Notice" form and submit original section of this form to the Commonwealth's insurance carrier with a copy to the fleet administrator.
- The fleet administrator will advise the agency of the decision of the Uniform Accident Prevention committee regarding crash responsibility determination.

Removal or Recall of Fleet Vehicles From Agency

Vehicles, either agency pool or individual assignment, may be recalled if any of the following occur:

- The vehicle is not driven and is not exempt from the quarterly minimum mileage requirement
- Vehicle abuse occurs, which includes but is not limited to, the improper care and maintenance of the vehicle such as excess or the extended filth of vehicle, operating the vehicle without servicing at the specified frequency, and damage to the vehicle caused by willful disregard or improper use.
- If the operator of a fleet vehicle is delinquent in the payment of parking tickets, fine or citations on more than two occasions in a six-month period.

State Equipment

Normally, the state will provide equipment and materials needed by employees to effectively perform their duties. However, where agreements specify, employees may be authorized to use their own equipment. When employees are authorized to use their own equipment, agencies will not assume responsibility for cost of equipment, repair, or service.

Authorized use of state owned equipment is only for legitimate state purposes by authorized employees. Employees are responsible for protecting state-owned equipment from theft, damage and unauthorized use.

State owned equipment used in the normal course of employment will be maintained, serviced and repaired by the state. Tax will stipulate who is responsible for transporting and installing equipment, and for returning it to the central office for repairs or service. When employees are authorized to use their own equipment, agencies will not assume responsibility for cost of equipment, repair, or service

Internet Use

Field agents use the Internet to access state computer systems that are needed to in association with performing job duties and for electronic communications in sending and receiving emails. All users of the agency's Internet must adhere to rules and regulations set forth in the Department of Human Resource Management Policies and Procedures Manual.

User Responsibility

All users are responsible for taking steps to protect TAX computer systems against viruses. When using The Department's laptops and tablets for Internet access, all users must maintain the conditions of security including safeguarding all passwords. Care should be taken to avoid opening emails and/or attachments received from unknown parties.

Field agents using the Internet using the agency's domain address are expected to do so in a responsible and professional manner.

Prohibited Activity

The following Internet activity is prohibited with the State's electronic communications systems:

- Personal use of the Internet if it interferes with the employee's productivity or work performance, interferes with the productivity or work performance of another employee or adversely affects the efficient operation of the computer system.
- Accessing, downloading, printing or storing information with sexually explicit content as prohibited by law
- Downloading or transmitting fraudulent, threatening, obscene, intimidating, defamatory, harassing, discriminatory, or otherwise unlawful messages or images
- Installing or downloading computer software, programs or executable files contrary to policy
- Uploading or downloading copyrighted materials or proprietary agency information contrary to policy
- Uploading or downloading access-restricted agency information contrary to policy or in violation of agency policy
- Sending e-mail using another person's identity, an assumed name, or anonymously
- Permitting a non-user to use for the purposes of communicating the message of some third party individual or organization
- Any other activities designated as prohibited by the agency

Telecommuter Policy

Since the closure of district offices, all field collections staff are home based. Guidelines have been established for work in a home based/telecommuting environment

(<http://www.dhrm.state.va.us/hrpolicy/policy.html#general>). Each home based/telecommuting employee must complete and sign a Home Based Telecommuting Work Agreement. Please see exhibit 12.4

Maintaining a Safe Work Environment

Each TAX agent working in a home based/telecommuting environment is responsible for keeping his/her work location in safe condition, free from hazards or other dangers. Each home based employee must complete and sign a safety checklist certifying there are no safety hazards in his/her work area. Please see exhibit 12.5.

HOME BASED TELECOMMUTING WORK AGREEMENT

The following constitutes an agreement on the terms and conditions of participating in the telecommuting program between: AGENCY: Department of Taxation

EMPLOYEE: _____

WORK LOCATION/SCHEDULE

1. Employee's work location address is: _____
2. Describe in detail the designated work area at the work location.
3. The employee's work hours will normally be from _____ to _____ Monday through Friday.

WORK STANDARDS/PERFORMANCE

1. Employee will meet with the supervisor to receive assignments and to review completed work as necessary or appropriate.
2. Employee will complete all assigned work according to work procedures mutually agreed upon by the employee and the supervisor, and according to guidelines and expectations stated in the employee's performance plan.
3. Supervisor will evaluate employee's job performance according to the employee's performance plan on the Employee Work Profile.

COMPENSATION/BENEFITS

1. All salary rates, leave accrual rates, and travel entitlements will not change as a result of participating in the telecommuting program.
2. Employee who works overtime that has been requested by his/her supervisor and approved in advance will be compensated in accordance with applicable law and state policy.
3. Employee understands that supervisor will not accept the results of unapproved overtime work. By signing this form, employee agrees that failing to obtain proper approval for overtime work may result in disciplinary action.
4. Employee must obtain supervisory approval before taking leave in accordance with established procedures. By signing this form, employee agrees to follow established procedures for requesting and obtaining approval of leave.

EQUIPMENT/EXPENSES

1. Employee agrees to protect agency equipment in accordance with agency guidelines. State-owned equipment will be serviced and maintained by the agency.
2. Neither the agency nor the state will be responsible for operating costs, home maintenance, or any other incidental costs (e.g., utilities) associated with the use of the employee's residence.

SAFETY

1. Employee is covered by the appropriate provisions of the Commonwealth's Workers' Compensation Program or the Virginia Sickness and Disability Program (VSDP), as appropriate, if injured while performing official duties at the work location.

2. Employee agrees to certify that the work location is safe and free from hazards. Employee agrees that TAX reserves the right to conduct a site visit to the work location to determine that it is safe and free from hazards. The employee will be given appropriate notice before a site visit is conducted.
3. Employee agrees to bring to the immediate attention of his/her supervisor any accident or injury occurring at the work location.
4. Supervisor will investigate all accident and injury reports immediately following notification.

CONFIDENTIALITY/SECURITY

Employee will apply approved safeguards to protect agency or state records from unauthorized disclosure or damage, and will comply with the privacy requirements set forth in the state law and Department of Human Resource Management Policies and Procedures Manual.

	Issued	Date	Identification #	Date
Computer	_____	_____	_____	_____
Modem	_____	_____	_____	_____
Fax Machine	_____	_____	_____	_____
Telephone	_____	_____	_____	_____
Desk	_____	_____	_____	_____
Chair	_____	_____	_____	_____
File Cabinet	_____	_____	_____	_____
Shredder	_____	_____	_____	_____

By signing this form, employee agrees to participate in the telecommuting program and adhere to applicable guidelines and policies.

Supervisor Date

Employee Date

Assistant Commissioner (or designee) Date

HOME BASED TELECOMMUTING SAFETY CHECKLIST AND EMPLOYEE CERTIFICATION FORM

EMPLOYEE NAME: _____

AGENCY: Department of Taxation

SUPERVISOR NAME: _____

LOCATION: _____

PHONE: _____

The following checklist is designed to assess the overall safety of the alternate work location designated for the Home Based Telecommuting employees. The employee has the responsibility to maintain his/her work location, in safe condition, free from hazards or other dangers.

Each participant should read and complete the self-certification safety checklist. Upon completion, the checklist should be signed and dated by the participating employee and immediate supervisor.

Describe the designated work area: _____

☒ TO THE BEST OF ONE'S KNOWLEDGE:

1. Is the space free of asbestos-containing materials?	Yes	No
2. If asbestos-containing material is present, is it undamaged and in good condition?	Yes	No
3. Is the space free of indoor air quality problems?	Yes	No
4. Is there adequate ventilation for the desired occupancy?	Yes	No
5. Is the space free of noise hazards (noises in excess of 85 decibels)?	Yes	No
6. Is there a potable (drinkable) water supply?	Yes	No
7. Are lavatories available with hot and cold running water?	Yes	No
8. Are all stairs with four or more steps equipped with handrails?	Yes	No
9. Are all circuit breakers and fuses in the electrical panel labeled as to intended service?	Yes	No
10. Do circuit breakers clearly indicate if they are in the open or closed position?	Yes	No
11. Is all electrical equipment free of recognized hazards that would cause physical harm (frayed wires, bare conductors, loose wires running through walls, exposed wires attached to ceiling)?	Yes	No
12. Will the building's electrical system permit the grounding of electrical equipment?	Yes	No
13. Are aisles, doorways, and corners free of obstructions to permit visibility and movement?	Yes	No
14. Are file cabinets and storage closets arranged so drawers and doors do not open into walkways?	Yes	No
15. Are all casters (wheels) on chairs secure and are the rungs and legs of chairs sturdy?	Yes	No
16. Is the work area overly furnished?	Yes	No
17. Are the phone lines, electrical cords and extension wires secured under a desk or alongside a baseboard?	Yes	No
18. Is the office space neat, clean and free of excessive amounts of combustibles?	Yes	No
19. Are floor surfaces clean, dry, level, and free of worn or frayed seams?	Yes	No
20. Are carpets well-secured to the floor and free of worn or frayed seams?	Yes	No

Employee Signature

Date

Bank Deposits

Checks and money orders requiring bank deposit are submitted on a Daily Transmittal Report to central office for processing. All cash received by field agents must be converted into a money order or cashier's check at a local bank prior to mailing to central office for processing.

Break-Ins

If it is discovered that a break-in has occurred in the home of an employee containing state tax related items of information or equipment or an automobile used for fieldwork, the following actions should be taken:

- Contact proper police authority in your area. If local police discover the break-in, they will determine the need to contact State Police.
- Notify the supervisor of the break-in.
- Conduct an inventory of equipment and tax related information.
- Check all security areas to determine if confidential information has been tampered with during the break-in.
- Report the facts and circumstances to the supervisor outlining any discrepancies and/or findings. A police report of findings should be requested and attached to the supervisor's report of the incident.
- State owned equipment that is damaged or stolen will be repaired or replaced by the Department of Taxation. For personal property damage or stolen items, contact your homeowner's policy insurance agent.

Confidentiality of Taxpayer Information

Home based telecommuting personnel must protect and store taxpayer information including payment/payment information in a secured cabinet or desk. Fax machine, computer, answering machine and other items where taxpayer information can be received and/or displayed should be away from public or family use areas. Unopened and opened mail should be properly secured at home location and in transit from mail facilities.

Items to be shredded should be stored until shredded or properly destroyed. Phone calls should be made where/when conversations cannot be overheard by family members or guests.

No federal information will be kept at a home office without approval from your immediate supervisor. If federal data is authorized, data storage area should meet requirements for federal data storage. Data should be mailed to/from TAX office in secure double sealed packaging.

Mail

Home based/telecommuting staff will rent a post office box at the nearest available post office for receiving TAX mail. A post office box rental fee for Home Based Telecommuting personnel is a reimbursable expenditure. Direct payment is available through the Compliance Support Unit if submitted 45 days in advance.

Office Supplies

Each home based telecommuting employee will be required to determine the types and quantities of supplies needed to operate efficiently from a home office environment and to keep track of his/her inventory to insure replenishment of items before supplies are exhausted.

Tax forms, stationery, memo pads, staples, pencils, pens, markers, rulers, etc., will be requested from the supervisor a minimum of two weeks before stocks are depleted. The supervisor will assemble the requested supplies from local stocks, inventory in Richmond or through local purchases and arrange to meet with the employee for delivery of supplies.

Relocation

Having access to high speed internet is a requirement for the field agent position. If relocating, the field agent must be sure the required internet service is available at the new location.

Travel Time

Home based telecommuting employees will commence work in the home office at the beginning of the regular work shift or leave for the first assignment of the day no later than thirty minutes before the beginning of the regular work shift. The workday will end at a time, which, allowing for travel, will permit the employee to arrive at home thirty minutes after the end of his/her regular work shift.

If living outside the assigned boundary, an employee should leave home to arrive at the boundary no later than thirty minutes before the regular work shift. The workday will end at a time that, allowing for travel, will permit the employee to arrive at home thirty minutes after the end of the regular work shift. For purposes of this policy, assigned boundaries include both district boundaries and assigned work area within the district boundaries. Employees who live outside the boundary will be reimbursed for work related travel to the local Post Office, other mail facility and bank.

Meetings and Problems with Taxpayers

Field agents should typically hold meetings at the taxpayer's place of business. Field agents **should not conduct meetings with taxpayers in their homes**. Supervisors will look for alternative locations to conduct hearings.

Problems with taxpayers include threats, bribe attempts, assaults and harassment by taxpayers. If a field agent deems the incident warrants reporting, he/she should leave the scene of the incident and call his/her immediate supervisor. The employee will be responsible for completing a brief incident report and submitting it to his/her immediate supervisor. If possible, the supervisor should make note of the account so other personnel will be aware of the problem with the taxpayer.

The supervisor as well as Office of Compliance Administration and Human Resources will determine if the police should be notified and if other action is warranted.

Workers Compensation Claims

An injured employee should call Human Resources to report the injury. The employee should contact the Workers Compensation Coordinator. Required information will be obtained and the Workers Compensation Coordinator will explain the process to the Injured employee. The employee should notify his/her immediate supervisor, but the supervisor will not need to coordinate the paperwork.

Dress Code

Agency employees will observe and comply with a minimum dress standard of "business casual". For purposes of this policy, business casual attire means *clothing that allows employees to feel comfortable at work, yet is appropriate for an office environment*.

Employees should consider each day's activities when determining what to wear. Employees who are scheduled to meet with person(s) from outside the office should dress in traditional business attire, unless meeting attendees agree in advance to wear business casual attire. While it is intended that employees feel comfortable at work, we must realize that we are representatives of our agency, no matter what type of dress we wear. Employees are expected to present themselves during working hours in attire that is appropriate to the nature of the work they have scheduled for the day.

There will be circumstances when professional business attire will be appropriate and necessary (e.g. scheduled meetings with outside customers, vendors, or government representatives; receptionist duties that require daily greeting the public, etc.). In these situations, employees are expected to dress accordingly. If scheduled to meet with outside customers at their place of business, employees may adapt their dress according to the customers' dress standards. Employees in designated jobs that are physically demanding should wear clothing that is comfortable and appropriate for the job performed. However, they should always maintain a clean, neat, and well-groomed appearance. Managers will inform employees of any inappropriate situations, if necessary.

Appropriate as Business Casual

Business casual attire encompasses many looks and includes, but is not limited to: slacks, khakis, collared sports shirts, blouses, turtlenecks, sweaters, skirts and dress, loafers or similar casual shoes.

Never Appropriate

Unacceptable clothing includes, but is not limited to:

- Workout attire (sweatpants, sweatshirts, wind suits, jerseys)
- Jeans, cutoffs, leggings, shorts, skorts
- T-shirts, halter, or tank tops
- Dresses, skirts or culottes that are excessively short
- Beach attire
- Sheer clothing, or clothing that otherwise is revealing, distracting, or provocative
- Clothing with obscene, profane, abusive writings, or pictures
- Inappropriate footwear (tennis shoes, beach shoes, slippers, flip-flops, sports sandals or similar open-toed shoes).

Choice

This policy does not require employees to purchase casual attire. Employees who prefer to dress in formal or traditional business attire should feel free to do so.

The Department will make reasonable accommodations for dress or grooming directly related to an employee's religion, ethnicity, or disabilities.

If there are specific questions about appropriate office dress, employees should see their supervisor or the Human Resources staff. (See *TAXi, Toolbox, Internal Policy Library, Dress Code Policy*)

Agency Responsibility

The Tax Commissioner, Leadership Team, agency managers and supervisors, and the Human Resources Director are responsible for the consistent application of this policy. Violations of this policy will be cause for appropriate disciplinary action.

Standards Of Conduct

It is the objective of the Commonwealth of Virginia to promote the well being of employees in the work place and to maintain high standards of professional conduct and work performance. Standards of Conduct have been established to set forth standards for professional conduct, to define behavior that is not acceptable and to establish corrective actions that may be imposed to address behavior and employment problem. This policy applies to all employees covered by the Virginia Personnel Act, including TAX field personnel.

The *Human Resource Management Policies and Procedures Manual*, Standards of Conduct can be viewed in its entirety at http://www.dhrm.virginia.gov/hrpolicy/web/pol1_60pdf. (See *TAXi, Toolbox, Internal Policy Library, Standards of Conduct Policy*)

Training and the Learning Management System

TAX provides formal and informal learning opportunities to new and experienced employees. Training for field agents includes instructor-led courses offered at central office training facilities, instructor-led courses at district locations, on-the-job instruction via mentoring/coaching by a peer or supervisor, or TAXi Toolbox Resources, and computer/web based training through the Learning Management System (LMS).

Instructor-Led Training (ILT)

Both new and experienced employees will participate in instructor-led training. These courses include new employee training, refresher training for experienced employees and training related to new procedures, equipment, computer systems, etc., being introduced to TAX employees.

On-the-Job Training (OJT)

A very valuable training method for field agents is on-the-job training conducted by the supervisor, senior field agent or experienced field agents. This type of training includes one-on-one instruction during the course of performing routine duties. On-the-job training can be tailored to individual needs as determined by the supervisor or field agent.

Webinars

TAX or the Tax Learning Support may offer, or require participation in Webinar training classes. When participating in a Webinar, you should make sure you are prepared with the Webinar log-in information prior to the start time and know the procedures and process of participating. As Webinars sometimes have a number of participants, logging in timely and following the procedure is very important to avoid causing distractions and delays for the others participating in the class with you.

The Learning Management System (LMS) (Computer/Web Based Training)

A variety of courses and training activities are offered through the Learning Management System (LMS). The system is accessed via Internet at <https://covkc.virginia.gov/tax>. The field agent can access computer/web based training and register for instructor-led training as applicable through the LMS. Field agents can also access their transcripts in the LMS to track course enrollments, assignments, and completions.

The following two areas of the LMS will be used most often to perform such tasks as course enrollment or to review/monitor your training transcript.

Learning Center / Course Catalog

When there is a need for new or updated training for field agents, training courses can be taken through the LMS. These may be instructor-led and/or web-based courses. For example, courses may include IRMS training and Disclosure of Confidential Information. Individual courses can be accessed from the Course Catalog located under the Learning Center tab.

My Workspace / My Transcript

The My Workspace tab available through the LMS provides access to transcript information. My Transcript contains all the content items showing learning events started or completed, as well as training assignments.

Job aids are available in the [TAXi Toolbox Quick Reference Library/Training](#) to assist with navigating the Learning Center/Course Catalog, My Workspace/ My Transcript and more.

TAXi Toolbox Resources

TAX maintains a variety of support tools for employees to aid in the performance of their daily work activities. One such tool is [TAXi Toolbox](#). The Toolbox is a webpage on the agency's intranet where you can access "Leave Activity", find all internal agency forms and policies, quick reference job aids, user guides, a Tips and Tricks wiki, and the TAX Glossary.

The TAXi Toolbox Forms Library houses over 200 TAX forms used internally, as well as forms necessary for working with local governments. You will find such forms as the "DGS Parking Request" or "Request to Engage in Outside Employment" The "Training Request" form used for requesting on or offsite vendor training is also housed in the Forms Library.

The TAXi Toolbox Quick Reference (Job Aids) repository houses over 250 reference documents that provide quick access to helpful information you may need while working with the various TAX systems. Some of the items you will find in this repository, for example, are several job aids to assist you with accessing and navigating the Meridian Global Learning Management System.

The TAXi Toolbox User Guides repository houses system user guides. User Guides provide detailed explanations of system fields and screens, as well as step-by-step instructions necessary to properly use the various TAX systems.

The TAXi Toolbox Internal Policies is a repository for documented guidelines that affect the internal agency affairs for TAX employees. For example, you would find answers to questions about the agency's "dress code" or how the agency deals with requests for "outside employment" or issues surrounding "workplace violence," etc.

The TAXi TAX Glossary houses TAX-related terms and acronyms. The TAX Glossary is a valuable tool especially for new employees who may not be familiar with some of the terminology used at TAX.

The TAXi Tips and Tricks wiki is an informal job resource for posting items YOU have discovered that make your job easier to perform and may be helpful information for others.

Using Technology

There are many technology based tools available to assist field agents with performing job duties. TAX systems including AR, CACSG, Microsoft Office Outlook, Image Retrieval and Image Viewer are essential elements of the collections process. Field agents also have access to information through other State agency systems including Department of Motor Vehicles (DMV), Virginia Employment Commission (VEC) and State Corporation Commission (SCC). Field agents have access to many sources of information through the Internet such as directory assistance, maps, zip code information, etc.

Using Other State Agency Systems

Information from other State agency computer systems can help field agents with finding or verifying addresses, finding possible lien sources and other information such as corporate officer names and addresses. When using these systems, field agents must comply with user policies, procedures and security requirements for each agency including maintaining confidentiality of information. Some of these systems are available to authorized users only.

Virginia Employment Commission (VEC)

The VEC computer system is a useful tool in locating third party lien sources by identifying places of employment of taxpayers. Central office routinely runs automated matches with VEC information for issuing third party liens. Field agents must manually research VEC for possible lien sources. Other beneficial information includes VEC registration/demographic information, SSN of responsible officer, reported gross wages of a business and the beginning and ending liability dates.

Department of Motor Vehicles (DMV)

The DMV computer system is a useful tool for finding addresses and possible lien sources. DMV information includes customer information such as name and address and vehicle information including current vehicles registered to an individual or business and liens against each vehicle. The name and address information can help a field agent in locating taxpayers and identifying name and address changes. The vehicle lien information can provide a possible lien source or an asset such as an unencumbered antique vehicle.

State Corporation Commission (SCC)

The SCC system provides valuable information about corporations, limited liability companies and limited liability partnerships. The field agent can use this information to find termination dates for corporate charters, names of officers, partners, or members and address information. Other information available includes UCC filings and business trust information. The SCC system can be accessed via the Internet at www.scc.virginia.gov/division/clk/index.htm. Authorization for use of this system is not required.

Virginia Department of Taxation Website

The TAX website provides useful information that can assist field agents as well as customers. Through the Tax Policy Library, field agents can access the Tax Code of Virginia, Virginia Tax Regulations, Legislative Summaries, Tax Commissioner Rulings and Tax Bulletins. Also, field agents can download Virginia Tax and IRS forms. The TAX website can be accessed at <http://www.tax.virginia.gov/>.

State of Virginia and Federal Websites

- State of Virginia: <http://www.virginia.gov>
- Virginia General Assembly: <http://legis.state.va.us>
- Virginia's Judicial System: <http://www.courts.state.va.us/>
- Code of Virginia: <http://lis.virginia.gov/000/src.htm>
- State Corporation Commission: <http://www.scc.virginia.gov/division/clk/diracc.htm>
- Internal Revenue Service: <http://www.irs.gov/>
- United States Postal Service: <http://www.usps.com/>

Phone Number and Address Resources

Using directory assistance websites can assist the field agent in locating phone numbers and addresses for taxpayers. Also, websites are available that offer driving directions and maps for finding a specific location. However, field agents must not access services requiring membership and/or fees. The following is a list of websites that provide this information:

Directory Assistance (phone numbers, addresses and maps)

- <http://www.anywho.com/>
- <http://www.corp.att.com/directory/>
- <http://www.dexknows.com/>
- <http://www22.verizon.com/>
- <http://www.yellowpages.com/>

Maps and Driving Directions

- <http://maps.yahoo.com/>
- <http://mapquest.com/directons/>
- <http://www.randmcnally.com/>

Zip Codes and Addresses

- <http://usps.com>

Miscellaneous Information

- Federal Reserve Financial Services (search for bank routing numbers):
<http://www.fedwiredirectory.frb.org/search.cfm>

Training Resources

- TAX Knowledge Center (KC)/Learning Management System (LMS) <https://covkc.virginia.gov/tax>
- TAXi Toolbox
- Career Skills Resource Center <http://www.mindtools.com/>

Human Resources and Other Benefits

- Anthem (medical benefits) <http://www.anthem.com/>
- Department of Human Resource Management <http://www.dhrm.virginia.gov>
- Virginia Commonwealth Health Program <http://www.commonhealthva.com/commonhealth/index.html>
- Defined Contribution Plan <https://vadcp.gwrs.com/tl001/SplashAuth.asp>
- Department of Accounts <http://www.doa.virginia.gov>
- Department of Accounts Payline (pay history) <https://payline.doa.virginia.gov/Login.cfm>
- Employee Dispute Resolution <http://www.edr.virginia.gov>
- Virginia Retirement Service <http://www.varetire.org>
- Commonwealth of Virginia Health Benefits Enrollment <https://edirect.virginia.gov/>
- Flexible Benefits <http://www.fbmc-benefits.com/>
- Delta Dental <http://www.deltadentalva.com/>
- Medcohealth (prescription drug) <http://www.medcohealth.com>
- Value Options Achieve Solutions (mental health) <https://www.achievesolutions.net>
- Aetna Long Term Care Insurance <http://www.aetna.com/group/commonwealthva/>
- Virginia Governmental Employee Association <http://www.vgea.org/>