



TAX COMPLIANCE AND THE COLLECTION PROCESS

April 2023 Tax Webinar



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Thanks for joining us!

We will begin at 9:00 am (CST)

➤ **Please check your audio settings. See below for resources in case you experience audio or other technical difficulties:**

- Contact WebEx Support <https://help.webex.com/contact/>
- Link to Technical Service Resource Guide <https://www.cisco.com/c/en/us/support/web/tac/technical-services-resource-guide.html>
- Try leaving and then re-entering the event

View a recording of today's presentation!

[tn.gov/revenue](https://www.tn.gov/revenue) > Taxpayer Education > Tax Webinars

<https://www.tn.gov/revenue/taxpayer-education/tax-webinars.html>

The webinar recording will be posted in the "Webinar Video Library" the day after the event.

➤ **Please submit specific account-related questions or any questions that do not get addressed in this webinar to us directly!**

- www.tn.gov/Revenue
- Revenue.support@tn.gov
- 615.253.0600 (M-F 8-4:30 CST)



Overview

- UNDERSTANDING TAX REGISTRATION/FILING REQUIREMENTS
- WHAT HAPPENS WHEN FILING REQUIREMENTS ARE NOT MET
 - ACCRUAL OF PENALTY AND INTEREST
 - THE COLLECTION PROCESS
- GENERAL COMPLIANCE INFORMATION
- BEST PRACTICES
- Q&A AND RESOURCES

Filing Deadlines

KNOW THE FILING DEADLINES FOR EACH TAX TYPE YOU ARE REGISTERED FOR

- **Business Tax** – 15th day of fourth month following FYE.
- **Sales Tax** – 20th day of the month following the reporting period.
- **F&E Tax** - 15th day of fourth month following FYE. With a valid extension, filing due 15th day of the seventh following the original filing deadline.
- **All tax types** – visit the individual tax page
<https://www.tn.gov/revenue/taxes.html>

ALL TAXPAYERS ARE ENCOURAGED TO HAVE
MASTER LEVEL TNTAP ACCESS
TO ALL TAX ACCOUNT AND CHECK THEIR ACCOUNT
STATUS/ALERTS OFTEN!

Missed Tax Deadline?

Accrual of **penalty & interest**
starting with late day 1

Notice of Proposed Assessment
Letter sent to taxpayer (NOPA)

• **failure to respond to NOPA = Final Demand Letter**

Final Demand Letter sent

• **failure to respond to Final Demand = Collection case created**

Collection Officer attempts contact
to resolve

• **failure to respond to collections = possible levy and/or lien**

**Failure to
file/pay
TN taxes
timely
leads to ...**

Penalty & Interest

GEN-16 – Penalties and Interest



Penalties and interest apply to any deficient or delinquent payments. A penalty of 5% of the unpaid amount is added for each month (or part of the month) that a payment is delinquent or deficient, up to a maximum of 25%. Interest is computed at the current rate of interest.

The interest rate on all taxes collected or administered by the Department of Revenue is currently 8% and is effective until June 30, 2023. For installment payment agreements, the current interest rate is 11%.

Previously, from July 1, 2021 through June 30, 2022, the interest rate was 7.25%. The interest rate for installment payment agreements was 9.25%.

References: Tenn. Code Ann. § 67-1-801; Tenn. Code Ann. § 47-14-102(7)

Types of Penalties

- **Delinquent** or **deficient** tax payment
 - TDOR did not receive the return/payment or did not receive sufficient payment for filed return
 - Including F&E estimated payments
- **Insufficient Funds** (“NFP”)
 - Possibly due to incorrect banking info
 - This penalty cannot be waived
- **Negligence** Penalty
 - Audit finding

Waiving Penalty & Interest



GEN-19 – Requesting a Penalty Waiver

The Department of Revenue is authorized to waive penalties in delinquency or deficiency cases if the taxpayer shows good and reasonable cause. Waivers may also be issued in delinquency cases if the taxpayer has a two-year good filing record with the Department of Revenue and no willful disregard of the law or gross negligence is involved. Penalty waivers of \$100,000 or more must be approved by the Attorney General.

To apply for a waiver of penalty...

- Log in to TNTAP.
- Select “Additional Actions” next to the relevant account
- Click “Petition for Penalty Waiver.”
- Complete and submit the request.

There is no provision in the law to waive interest.

Notice of Proposed Assessment (NOPA)

STATE OF TENNESSEE
DEPARTMENT OF REVENUE
Notice of Proposed Assessment

July 22, 2022

YOUR RETURN IS LATE!

What do I need to do immediately? **File your return now.** Our records indicate that you have not filed a return for the above filing period.

How do I file? Please go to <https://tntap.tn.gov/eservices/> to file and pay your return.

What if I fail to act now? If we do not receive a return from you, this estimated bill summary will be sent to collections for further action.

Estimated Bill Summary	
Tax	\$3,268.00
Interest	\$78.74
Penalty	\$653.60
Payments/Credits	\$0.00
Balance Due on 8/06/22	\$4,000.34

If you have questions, call us at 615-253-0600 or visit www.tn.gov/revenue.

The NOPA letter is sent when:

- there is a past-due balance on your account, and/or
- a return was not filed timely and an estimated return is generated, and/or
- an audit is complete

NOPA Details



STATE OF TENNESSEE
DEPARTMENT OF REVENUE

Notice of Proposed Assessment

Letter ID: L
Account ID: 1001
Account Type: I
Filing Period: Decem



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TN

NOPA Details, cont'd

This is a notice of proposed assessment. This assessment will become final after **30 days**, at which time collections activity may begin. You may continue working with the Department even after the assessment becomes final.



WHY DID I RECEIVE THIS NOTICE?


You received this notice for one of the following reasons:

1. You have an active account with the Department and have not filed a required tax return for the account type and period indicated on the front, so the Department has **estimated** an amount due;
2. You filed a tax return and did not pay all the tax due; or
3. You filed a tax return after the due date and have been assessed penalties and/or interest.



WHAT SHOULD I DO NEXT?

1. If you received this notice because you did not file a required tax return, you should go to <https://tntap.tn.gov/eservices/> to file the return. **Filing the return will remove this assessment.**
2. If you received this notice because you underpaid the tax due on a filed tax return, you should go to <https://tntap.tn.gov/eservices/> to make a payment or set up an installment payment agreement.
3. If you have been assessed penalties and/or interest, you can go to <https://tntap.tn.gov/eservices/> to make a payment. Penalties can be waived under certain circumstances, such as having a good filing history. To request a penalty waiver, sign in to your TNTAP account and select "Petition for Penalty Waiver." **Tennessee law prohibits the Department from waiving interest under any circumstances.**



WHAT IF I DISAGREE WITH THE ASSESSMENT?

1. If you filed the required tax return or do not believe a return is due, contact the Department by sending a message through "Revenue Help" on the Department's website listed below by clicking on "Submit a request" at the bottom of the webpage. You may also call Taxpayer Services at the number below.
2. If you have questions about the reason for an underpayment, contact the Department through "Revenue Help" using the same method outlined above or by calling Taxpayer Services at the number below.
3. You have the right to an informal conference to dispute this proposed assessment. You should request an informal conference only if you are unable to resolve your disagreement using the above options.



HOW LONG DO I HAVE TO RESPOND TO THIS NOTICE?

You have 30 days from the date of this notice to resolve the issue, otherwise this proposed assessment becomes final and collection action may begin. Taxpayers are generally able to resolve the issue by simply contacting the Department's Taxpayer Services Division or by filing the necessary tax return. **You can still file your return and have the assessment removed after this notice becomes final.**

INFORMAL CONFERENCE INFORMATION

You may request an informal conference to discuss this proposed assessment with a hearing officer if you think it is

Informal Conference

A taxpayer who has received a NOPA may request an informal conference within 30 days. At the informal conference, the taxpayer can explain to a hearing officer why he or she thinks the proposed assessment is incorrect.

Not all taxpayers need a hearing officer to review the proposed assessment. The proposed assessment can usually be resolved quickly without an informal conference if the taxpayer:

- Received an estimated assessment
- Filed a return but did not pay all the tax reported as due on the return
- Closed the business but has not closed the tax account
- Was assessed only a penalty, with no additional tax due

Informal Conference, cont'd

Website to request an informal conference or see if your issue can be resolved without a conference:

<https://www.tn.gov/content/tn/revenue/tax-resources/compliance-information/request-an-informal-conference/request-an-informal-conference-or-see-if-your-issue-can-be-resolved-without-a-conference.html>

- If you have any additional questions about the informal conference process, call (615) 741-3810.

Additional information about informal conferences:

<https://revenue.support.tn.gov/hc/en-us/sections/201069009-Informal-Conferences>

NOPA: Recap

- **DO NOT ignore this letter, action is required!**
- If return has been filed but there is a balance due, PAY ON TNTAP
- If there is a missing return:
 - If you believe you filed the return, reach out to us, you may have a duplicate account
 - If you have not filed, FILE/PAY ON TNTAP
- If an audit has been completed: PAY ON TNTAP
- More info later on what to do if you disagree with the assessment



**YOU HAVE 30 DAYS TO RESOLVE THE ISSUE BEFORE
A FINAL ASSESSMENT LETTER IS SENT AND THE
COLLECTION PROCESS STARTS!**

Final Demand Letter

Failure to resolve the issue in the NOPA will result in the issuance of a Final Demand Letter and a collections case created.

STATE OF TENNESSEE
DEPARTMENT OF REVENUE
Final Demand for Payment

June 7, 2022

PHI
120
ME

Letter ID: 1000000032
70
.17

**This letter will contain the account/
tax liability info included in the NOPA
plus a collections case #.**

The Department previously notified you of an outstanding tax liability. The amount due as indicated above represents the original amount due plus accrued interest through the date of this letter. Penalty and interest will continue to accrue until the liability is paid. For your current balance, please refer to your Tennessee Taxpayer Access Point (TNTAP) account at <https://tntap.tn.gov/eservices/>.

Details of the amount due are attached.

Pursuant to the Tax Enforcement Procedures Act, Tenn. Code Ann. Section 67-1-1405, failure to respond or render payment within ten days of the receipt of this notice may result in collection action, including the levy and seizure of the taxpayer's real or tangible property, bank accounts, monies, and accounts receivable. If the taxpayer operates as a business, failure to respond or render payment within ten days of the receipt of this notice may also result in the business being seized, closed, and padlocked pursuant to Tenn. Code Ann. Section 67-1-1410.

You may make your payment at <https://tntap.tn.gov/eservices/> or make your check payable to TENNESSEE DEPARTMENT OF REVENUE and mail it to the address listed below. Please write your account number on your check and return this page with your payment.

**PYM
222**

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TENNESSEE DEPARTMENT OF REVENUE
500 DEADERICK STREET
ANDREW JACKSON STATE OFFICE BUILDING
NASHVILLE TN 37242

6L0027 - 1775668004
COLPYM

**Payment coupon included with mailed
letters but payment can be made on
TNTAP**

6832
9953
80.17

Final Demand Letter Details

The Department previously notified you of an outstanding tax liability. The amount due as indicated above represents the original amount due plus accrued interest through the date of this letter. Penalty and interest will continue to accrue until the liability is paid. For your current balance, please refer to your Tennessee Taxpayer Access Point (TNTAP) account at <https://tntap.tn.gov/eservices/>.

Details of the amount due are attached.

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	28-Feb-2022	\$841.00	\$13.02	\$126.15	\$0.00	\$980.17	No
						\$980.17	
						\$980.17	
						\$980.17	

The taxpayer should file any delinquent returns full, please contact the Tennessee Department of Revenue to avoid unnecessary collection action. Please call the Collection Services Division at (615) 741-2000, or your payment confirmation number or the State's seal number (example: 00-0012345), or your official receipt number from the State when you speak to a Collection Services representative. If you are unable to immediately pay this liability in full, please contact the Collection Services Division to discuss payment options.

You may make your payment online at: <https://tntap.tn.gov/eservices/>. Please refer to the Case Number or Letter ID to ensure that your account is properly credited.

You may contact the Collection Services Division by email at Revenue.Collection@tn.gov. All inquiries should reference letter ID L0095976832.



Collection Case

TDOR COLLECTION OFFICERS WILL MAKE EVERY ATTEMPT TO CONTACT THE TAXPAYER AND RESOLVE THE ISSUE.


- If contact is not made OR if contact is made but the tax liability is not resolved, the next step is levy/lien.

KEEP YOUR CONTACT INFO WITH TDOR UPDATED AND CHECK TNTAP PERIODICALLY SO YOU DO NOT MISS IMPORTANT INFO FROM US!

Intent to Levy/Lien Letter

Issued after unsuccessful attempts by collection officer to reach the taxpayer and/or the taxpayer fails to resolve the tax liability.

00000 1 of 2


STATE OF TENNESSEE
DEPARTMENT OF REVENUE
Intent to Levy

October 20, 2021

Dear BC:

You have not responded to the Tennessee Department of Revenue's notices and demands for payment. This is to advise you that we will commence the levy action that is outlined in Tenn. Code Ann. Section 67-1-1401 et seq. on November 05, 2021.

Levy action can be prevented by submitting payment in full online at <https://tntap.tn.gov/eservices/> or by mail using the payment coupon below prior to November 05, 2021.

If you have already made payment, please contact the Collection Services Division immediately to avoid unnecessary collection action. Be prepared to furnish the date paid, the state's serial number appearing on your canceled check (example: 00-0012345), your confirmation number, or your official receipt number from the state.

For additional information, please contact the Collection Services Division at 615-741-7071 or 844-729-8689 between 8:00 a.m. and 4:30 p.m. (CST), Monday through Friday, holidays excepted. Alternatively, you can contact us via email at Revenue.Collection@tn.gov.

You may make your payment at <https://tntap.tn.gov/eservices/> or make your check payable to TENNESSEE DEPARTMENT OF REVENUE and mail it to the address listed below. Please write your account number on your check and return this page with your payment.

PYM 222



TENNESSEE DEPARTMENT OF REVENUE
500 DEADERICK STREET
ANDREW JACKSON STATE OFFICE BUILDING
NASHVILLE, TN 37242

810016 - 17009490548
COLPYM

BEV 85504
BCD 44363
232 86.36
NAK

This letter will contain a specific date by which levy/lien action will commence.

A payment coupon will accompany the notice, but payment may be made on TNTAP.

Levy/Lien

- **Levy**
 - Wage
 - Bank
 - Merchant processor
 - Property seizure
- **Property Lien**

Tenn. Code Ann. 67-1-1405. Collection by levy authorized

If any person liable to pay any tax neglects or refuses to pay the tax within ten (10) days after notice and demand, it shall be lawful for the commissioner or the commissioner's delegate to collect the tax, and any further sum as shall be sufficient to cover the expenses of the levy, by levy upon all property, and rights to property, belonging to the person or on which there is a lien provided by law for the payment of the tax.

Who is Liable?

- **Personal Responsibility**

- For “trust taxes” which are collected from customers and then held in trust for the State until they are remitted, when a responsible person fails to ensure that these taxes are remitted to the State, the State may pursue that person individually for the liability.

- **Successor Liability**

- The purchaser of a business or stock of goods must withhold a sufficient amount of the purchase price to cover the seller’s unpaid sales taxes unless the seller gives the purchaser a receipt from the Department showing the taxes due have been paid, or a certificate from the Department or a seller’s affidavit stating no taxes were due.

MORE ABOUT RESPONSIBLE PARTIES:

<https://revenue.support.tn.gov/hc/en-us/sections/10823057389460-Responsible-Parties>

Payment Plans

Questions?

Revenue Help

CS-Payment Plans-1 - How to Request a Payment Plan

If a taxpayer has outstanding tax liabilities owed to the Department, including liabilities resulting from an audit of the taxpayer, the taxpayer may request to enter a payment plan with the Department to pay the outstanding taxes due. Payment plans are available for outstanding tax liabilities even if the related tax accounts are now closed.

To request to enter an installment payment plan with the Department, please follow these steps:

- Log in to your [TNTAP](#)
- Click the "More..." tab.
- Click on "Request a Payment Plan."
- Only the **TNTAP "master" account** can request a payment plan, no 3rd parties.
- **All** returns must be filed in order to request a payment plan
- If a subsequent return is **delinquent**, the payment plan is **revoked**

Recap – Tax Compliance Basics

- **P&I** start accruing the day a return/payment is late
 - Penalty = may be waived upon request
 - Interest = cannot be waived
 - There are different types of penalties
- **NOPA** Letter- “nudging letter”/estimated amount, letting taxpayer they must comply within 30 days or collection case will be created
- **Final Demand** Letter – 10 days to comply or collection action will ensue
- **Collection Case** – TDOR Collection Officers attempt contact. Upon no resolution to delinquency, Intent to *Levy/Lien* letters are sent

Resources – www.TN.gov/Revenue

The screenshot shows the TN Department of Revenue website. At the top left is the TN logo and the text "Department of Revenue". To the right is a search bar labeled "Search Revenue" and a "Go to TN.gov" link. Below the header is a navigation menu with items: "How Do I...?", "E-filing Information", "Taxes", "Tax Resources", "Title and Registration", "Motor Carrier", and "Revenue News".

Five red arrows point to the following resource tiles:

- Tax Manuals and Important Notices**: Points to a tile featuring a keyboard, glasses, and a tablet displaying charts. The tile text reads "Tax Collection Dashboards" and "Click here for more information."
- Register/File/Pay/etc**: Points to a tile with the "TNTAP" logo and the text "E-File & Pay".
- Help Articles**: Points to a tile with a chalkboard background and the text "Questions?" and "Revenue Help".
- General Tax Info**: Points to a tile with the text "Taxes" and an image of Tennessee state flags.
- Hot Topics**: Points to a tile with the text "HOT TOPICS" and "News & Publications".



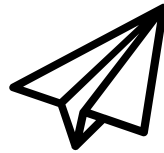
CONTACT US!



**Please submit
specific
account-
related
questions, or
any questions
directly to us!**



www.tn.gov/Revenue



Revenue.Support@tn.gov
Revenue.Collection@tn.gov



615.253.0600 (Tax Call Center)
615.741.7071 (Collection Services)



500 Deaderick St.
Nashville, TN 37242



Follow us!



@TennesseeDepartmentOfRevenue



@TNRevenue



@TNDeptofRevenue



**PLEASE TAKE A MOMENT
TO COMPLETE A BRIEF
SURVEY UPON EXITING!**

IMPORTANT: In order to receive CPE credit for attending, you must answer yes to question 4 of the post-event survey.