

# Installment payment plans

Collection Fact Sheet 2

Fact Sheet

## Payment agreements

A payment agreement is an agreement in which the Minnesota Department of Revenue agrees to accept installment payments on a past-due tax liability or debt. Payment plans may be formal or informal, depending on the length of the payment plan and the amount owed.

Installment agreements are only used if you are unable to pay your liability in full with a single payment.

The fastest and easiest way to set up a payment agreement is via the department's website at [www.revenue.state.mn.us](http://www.revenue.state.mn.us). In the E-Services menu on the right, click on "Set up a Payment Plan." If you don't have access to the Internet, you can work with a Revenue Collection Officer to set up a plan.

## Statutory provision

The statutory provision for entering an installment payment agreement is found in Minnesota Statutes Sec. 270.67.

## Qualifying for a payment plan

The Department of Revenue does not have specific payment plan guidelines. Each case is reviewed individually, taking into account the factors listed in the next section. As part of the process, you will also have to complete a financial statement, either the C58P, the Personal Financial Statement, or the C58B, the Business Information Statement. These forms are available on our website. If you don't have access to the Internet, we will send you the correct form when you contact us about setting up a payment plan. We may request verification of the expenses you list on your statement.

## What the department considers

When considering a request for an installment payment agreement the department reviews the following factors:

- Your ability to pay in full now.
- Completeness of the total tax due: All unpaid tax liabilities, including those from any unfiled

returns, must be included in the principal amount of the payment agreement.

- Length of the agreement.
- Payment frequency: for example, monthly, biweekly, weekly, 1st and 15th of the month.
- Amount of the payment.
- Personal (C-58P) and/or Business (C-58B) Collection Information Statements. These statements must be completed accurately, since they are the basis for establishing payment agreements. Total household income must be provided for individual tax installment plans. You must also sign the Collection Information Statement.
- Liquor posting cases: In order to be removed from liquor posting, you must file all returns and pay all taxes. **Taxpayers subject to liquor posting are not eligible for payment agreements.** An exception may be made for your business if you also sell other items. You may sell non-liquor items if you forgo your license to sell liquor. You will remain on liquor posting until the liability is paid.
- Your employment condition.

The department uses the same guidelines as the IRS. These guidelines can be found on the IRS website at [www.irs.gov](http://www.irs.gov)

An offer cannot be rejected solely on the basis of the amount of the offer.

## Following the department's review

After reviewing the request for an installment payment agreement, we will do one of the following:

- Accept the agreement;
- Request further information to substantiate information in the request;
- Make a counter offer; or
- Provide a written denial of the request. We will also explain why the installment agreement was denied.

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- If we deny your request, we will provide an administrative review to ensure that all installment plan procedures have been followed appropriately.
- If the department denies your request for a payment plan, you have the right to a reconsideration by the Taxpayer Rights Advocate. Reconsideration requests must be sent to the Taxpayer Rights Advocate Office. Be sure to include a copy of your Personal or Business Financial statement along with information on what you offered. Send to:

Taxpayer Rights Advocate Office  
PO Box 7335  
St. Paul, Minnesota 55107-7335

### Requirements of the payment plan

The taxpayer should be made aware of the following conditions:

- All payment agreements must be paid through the means of Electronic Funds Transfer (EFT). The only exception is if you have no bank account.
- Any further tax delinquencies constitute an immediate default of the payment agreement. Failure to let the Collection Division know that you owe additional taxes may result in the use of enforced collection methods (levies, seizures, license clearance, etc.) to collect the taxes due once a default notice is sent.
- State tax liens may be filed at any time after the tax bill is sent to you.
- Your tax refunds and lottery prize winnings will be applied to the liability. However, money from refunds and lottery winnings are not considered

payments under the terms of the installment agreement. You must continue to make the scheduled payments. If you have a business tax liability, your lottery winnings and refunds will be applied to that business liability.

- If you are requesting a payment plan for your business and you have a sales tax permit, your permit may be revoked if you do not meet the terms of the plan. By agreeing to a payment plan, you are giving up your right to a hearing regarding the permit revocation. **If your sales tax permit has been revoked, it cannot be reinstated until you have made payment in full.**

### Termination of a payment plan

A payment plan may be terminated if:

- the information you provided was inaccurate or incomplete,
- collection of the tax covered by the agreement is in jeopardy,
- your financial situation changes,
- you fail to make a payment due under the agreement, or
- you fail to pay any other tax or file a tax return coming due after the agreement.

We must give you notice of termination at least 14 calendar days prior to termination, and must advise you of your right to request a review by the Taxpayer Rights Advocate Office to determine if the termination is reasonable and appropriate in your situation.