

State of South Carolina  
Department of Revenue



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July 31, 2018

The Honorable Bruce W. Bannister  
Subcommittee Chairman, House Legislative Oversight Committee  
Post Office Box 11867  
Columbia, SC 29211

Dear Chairman Bannister:

I received your letter of July 18, 2018 requesting a follow-up response to questions resulting from the Department of Revenue's hearing on July 10, 2018. The Department of Revenue is committed to the legislative oversight process, and please find below the requested information.

1. How many taxpayers are currently enrolled in payment plans for overdue taxes?

Currently, there are 16,551 active enrollees participating in SCDOR's payment plan for overdue taxes.

2. What is the maximum length of time for a payment plan?

The maximum length of time for a payment plan for individuals and businesses is 48 months and 18 months, respectively. SCDOR's payment plans guidelines are as follows:

<u>Individuals</u>		<u>Businesses</u>	
Balance Owed	Payment Terms	Balance Owed	Payment Terms
0 to \$999	12 months or less	All balances	18 months or less
\$1,000 to \$4,999	24 months or less		
\$5,000 to \$9,999	36 months or less		
10,000 and above	48 months or less		

3. What laws or regulations dictate the interest and penalties assessed on overdue taxes?

Title 12, Chapter 54, provides the majority of provisions related to tax penalties as follows:

- 12-54-25: Interest due on late taxes, applicable interest rate;
- 12-54-43: Civil penalties and damages applicable to return or statement filing with Department;
- 12-54-44: Criminal penalties applicable to return or statement filing with Department; and
- 12-54-155: Substantial understatement of tax.

4. What is the threshold for exceptions to penalties that must be approved by the agency director?

In 2008, the Department of Revenue issued SC Revenue Procedure #08-6, outlining the Department's guidelines for waiving penalties. Please see below a summary of the director's approval threshold to waive penalties.

Director Approval Threshold

Penalty Type	Authorized Amount(\$)
General Tax	Above \$50,000
Property Tax	Above \$250,000
Civil Fraud	\$0.01 - above

5. What percentage of collections cases are closed within one year?

In the last 12 months, 34% of collection cases were closed.

6. Are there any agencies with whom additional cooperation would benefit SCDOR efforts?

I am not aware of any agencies with whom additional cooperation would benefit SCDOR efforts.

7. What portion of the agency's receivables do you anticipate being able to collect if you are allowed to participate in the Financial Institution Data Match (FIDM) program?

Currently, there is \$701 Million of debt owed to South Carolina without a levy source.

SCDOR anticipates collecting approximately \$105 Million in revenue. This estimate is based on a 30% taxpayer data match rate between SCDOR and financial institutions as well as a 50% funds match rate based on the financial assets of the debtor.

8. Which state revenue agencies participate in the FIDM program?

The following sixteen state revenue agencies currently participate in the FIDM program: Arizona, California, Florida, Indiana, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Minnesota, New Jersey, New York, North Carolina, Utah, Washington, and Wisconsin.

Also, the South Carolina Department of Social Services currently participates in the FIDM program to collect child support obligations. Please see South Carolina Code Section 63-17-2320 for legislative authority.

If you have questions or need further information, please let me know.

Sincerely,



W. Hartley Powell  
Director