DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Robideaux HB No. 209

Abstract: Regarding the audit of tax returns by the secretary of the Dept. of Revenue, provides for the conditions under which a sampling audit may be utilized, and authorizes and establishes the procedure for the use of managed audits.

Present law provides for the duties of the secretary of the Dept. of Revenue, hereinafter "secretary", to review tax returns and determine the correct amount of tax due. Present law further authorizes the use of sampling audits pursuant to binding agreements between the secretary and the taxpayer.

Proposed law retains present law and adds the conditions under which the use of sampling audits is appropriate. These include taxpayer records which are complex, voluminous, insufficient, or potentially more costly to audit than any benefit that might be derived from an audit.

Proposed law provides for the procedure for and use of managed audits of tax returns. The secretary is authorized to enter into a written agreement with a taxpayer relative to the use of a managed audit of his tax return. The agreement shall specify the period to be audited and the procedure to be followed, and shall be signed by an authorized representative of the secretary and the taxpayer.

Proposed law specifies factors to be considered by the secretary regarding the decision to authorize a managed audit, including: the taxpayer's history of tax compliance, the amount of time and resources the taxpayer has available to dedicate to the audit, the extent and availability of the taxpayer's records, and the taxpayer's ability to pay any expected liability.

Proposed law authorizes the waiver of interest on any amounts found to be due through a managed audit. The secretary is prohibited from assessing a penalty unless the audit or other information reviewed discloses fraud or willful tax evasion. A taxpayer is entitled to a refund of any tax overpayment disclosed by a managed audit.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 47:1541(B); Adds R.S. 47:1541(D) and 1601(A)(2)(e))