

Occupational License Tax (OLT) Administration Program

Frequently Asked Questions (FAQ's)

- **What information will I need to provide to begin the LaMATS Occupation License Tax (OLT) administration for our City/Town?**

A: You will need to provide the previous year's paid OLT list of all businesses that paid the license tax and a sample copy of the previous year's license. You will also need to provide a list of those businesses that should have paid the license but are delinquent, so that they will continue to receive license renewal notices. You will also need to provide an electronic document of your current OLT ordinance and fee schedule. Finally, we would ask that you mail us a hardcopy of your OLT ordinance with City/Town signatures for our files.

- **How do we pay for the LaMATS OLT administration service?**

A: You will pay \$8.45 for each renewal license mailed. Like the IPT service, the fee will be taken off the top of the first renewals received and processed.

- **How do we handle businesses that come to City/Town Hall to apply for "NEW" OLT licenses?**

A: We will provide you with a form-in-triplicate application for new applicants. Once the application is completed you will give the business their copy (as a temporary license), City/Town keeps a copy and the 3rd copy of the form is mailed with payment to us. (**Note:** If payment is made by check you should advise business to make the check payable to: Tax Trust Account.)

- **How do we handle businesses that come to City/Town Hall to "RENEW" their OLT licenses?**

A: You should advise them they are required to mail the completed application and payment to us for processing. You can of course assist them with the license calculation and completion and collection of the payment. The payment and application will then be forwarded to our office for proper processing. Taxpayers should always be encouraged to renew and pay online.

Note: We ask that Cities/Towns do not mail us cash. If a payment is made in cash we ask that the City/Town deposit that money immediately and provide us with documentation that they have collected and deposited the money and wish for us to proceed with processing and issuing a license.

- **When is the OLT license issued?**

A: Once we have a completed application, all required documentation has been received and the license has been paid in full, then the application will be processed and the license will be mailed within 30 days.

- **What type of reports will be provided to the City/Town?**

A: We will provide an end-of-month report that includes, but is not limited to: LaMATS Account Number, License Number, Business Name, mailing address, NAIC code, description of license(s) purchased, amount paid etc...

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- **How does RDS know the amount of gross receipts reported is correct?**

A. You don't, just as you don't know what a business might file or have filed in their taxes with the IRS regarding their yearly income for the business. We would handle the situation very similar to how a municipality might. When a filing may be questionable and since there is no direct link to the IRS to look-up information on the spot, RDS would ask the taxpayer some probing questions and proceed based upon the taxpayer's answers. This questioning may prompt RDS to consider turning over the taxpayer as a potential OLT audit lead, but it will be largely dependent on a) where the business tax remittance totals fall relative to their cap (assuming there is a cap in the jurisdiction) and/or b) how that taxpayer's business filing compares to other like "kind and sized" businesses. If the taxpayer's remittances fall too far outside the practical norms or parameters set for a similar business, then they could become a target for an audit.

- **Can a taxpayer be audited?**

A. Yes, but an audit may not always be recommended. Auditing to "drive revenue" should be considered on a case by case basis where as auditing program implemented for more "general compliance purposes" can be more objective. Audit leads identified from either approach would require final approval from the municipality.

- **How would RDS find businesses that are not registered?**

A. There is no short answer, but essentially, tax collection is largely dependent upon voluntary taxpayer compliance and as a result it is often difficult to gauge appropriate compliance without implementing additional enforcement programs as a complement to existing efforts. Understanding that there are businesses subject to a jurisdiction's tax requirement but not paying their fair share of taxes, RDS established a proven "Revenue Discovery & Recovery" process for comparing multiple taxpayer databases to identify and collect revenues due from businesses that may be operating within a jurisdiction without proper licensing. This is why it is critical that you would want to contract with RDS to not only work delinquencies, but more importantly to provide the appropriate incentive to RDS to discover and recover from taxpayers not currently on the tax rolls.

- **Who would pay for audit?**

A. The municipality has final approval authority of any audit and likewise will bear 100% of the cost. To conduct an audit RDS will charge the municipality an hourly fee (plus expenses). If there is sufficient evidence to support an audit and the municipality decides to pursue a particular audit, then an amendment could be added to the existing OLT Administration Agreement.

- **If a jurisdiction wants out of the contract for whatever reason, what options do they have?**

A. Yes, a jurisdiction can always get out of an agreement. See Section B4 of the **Occupational License Tax (OLT) Administration [Agreement]** which reads:

This agreement shall be for a term of one year following the date of execution and shall be renewed thereafter annually for successive twelve (12) month terms unless written notice of termination is provided by either party ninety (90) days prior to the end of the then current term. Following receipt of such notice, the party in breach shall have thirty (30) days to cure such breach or breaches. In the event that such cure is not made, this Agreement shall terminate in accordance with the initial ninety (90) days notice.

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OLT Service Benefits – just like the IPT program! _____

- Combine IPT and OLT to single service provider for ease of contact and administration
- **Like IPT**, continued control over revenues without updating supporting administration infrastructure
- **Like IPT**, the program will reduce burden on staff making them available for additional office needs
- **Like IPT**, you are provided a turn-key tax administration service allowing for a single contact
- **Like IPT**, there is no need to purchase, update or maintain tax administration software
- **Like IPT**, there is no need to invest in technology for records retention or disaster recovery plan
- **Like IPT**, the program eliminates basic, paper, printing and postage costs
- **Like IPT**, the program will reduce liability or potential for theft associated with self-collection
- **Like IPT**, the program will eliminate issues involving employee training and employee turnover
- Access to reporting will enable timely decision-making and audit consideration
- If desired by the client, we can offer additional field auditing services as needed

How to Get Started? _____

- If you're OLT due date is 01/01/10, then you need to execute the OLT service agreement by **10/15/09**.
- Arrange "kick-off" conference call to initiate implementation plan.