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ARIZONA TAX RESEARCH ASSOCIATION

ATRA SUPPORTS SB1385

TPT Administrative Hearings; Confidentiality

This legislative proposal would allow taxpayers who are filing TPT appeals as a result of a deficiency assessment or refund denial issued by the Department of Revenue (DOR) to bypass the Office of Administrative Hearings (OAH) following a “meet and confer” with DOR and appeal directly to the State Board of Tax Appeals (BOTA) or Tax Court. Taxpayers will still have the option to appeal to OAH but they will have the ability to skip that level at any time. Additionally, SB1385 reforms the statute governing the Power of Attorney (POA).

Problem:

- Under the current system, TPT taxpayers have the option of requesting an informal conference with the auditor and auditor’s supervisor prior to filing an appeal with OAH. Outside of purely factual errors, there is little benefit for the taxpayer to continue to meet with the auditor that issued the deficiency assessment.
- The current lengthy process delays the inevitable hearing by a truly neutral forum (i.e. BOTA or Tax Court) and merely increases the overall cost to both the taxpayer and DOR.

Solution:

- A compromise agreement with DOR requires a taxpayer to “meet and confer” with a DOR appeals officer prior to skipping OAH. This step provides an opportunity for both sides to determine if the appeal can be resolved earlier in the process due to a factual dispute or if it makes sense to skip OAH because a legal interpretation is required to resolve the issue. ATRA and DOR agreed this step will serve to simplify and expedite the appeals process.
- After conferring with a DOR designated appeals officer, taxpayers have the option to skip OAH and appeal directly to BOTA and/or Tax Court.

Power of Attorney (POA)

Current statute authorizes DOR to disclose confidential taxpayer information to any principal officer, a person designated by a principal officer or any person designated in a resolution by the corporate board of directors. This narrow definition has been an obstacle for both DOR and taxpayers to discuss tax disputes in an efficient manner. ATRA worked with DOR to define a “principal officer” to include a chief executive officer, president, secretary, treasurer, vice president of tax, chief financial officer, chief operating officer, chief tax officer or any other corporate officer that has the authority to bind the taxpayer on matters related to state taxes.

ATRA ASKS LAWMAKERS TO SUPPORT SB1385!

TPT APPEALS PROCESS

