

## TITLE 15. REVENUE

## CHAPTER 10. DEPARTMENT OF REVENUE - GENERAL ADMINISTRATION

(Authority: A.R.S. § 42-105)

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*Article 6, consisting of Sections R15-10-602 through R15-10-607, made by emergency rulemaking at 15 A.A.R. 825, effective April 30, 2009 for a period of 180 days (Supp. 09-2).*

*Article 6, consisting of Sections R15-10-602 through R15-10-607, emergency expired effective effective March 20, 2004 (Supp. 09-2).*

*Article 6, consisting of Sections R15-10-602 through R15-10-607, made by emergency rulemaking at 9 A.A.R. 4443, effective September 22, 2003 for a period of 180 days (Supp. 03-3).*

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*Article 7, consisting of Sections R15-10-702 through R15-10-706, made by emergency rulemaking at 17 A.A.R. 1864, effective August 31, 2011, for 180 days (Supp. 11-3). Emergency expired.*

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**EMERGENCY RULEMAKING**

## R15-10-706. Application of Payments and Credits

**ARTICLE 1. APPEAL PROCEDURES****R15-10-101. Definitions**

For purposes of this Article:

1. "ALJ" means an administrative law judge who issues decisions on behalf of the Office of Administrative Hearings established by A.R.S. § 41-1092.01.
2. "Day" means a calendar day. If the last day for filing a document under the provisions of this Article falls on a Saturday, Sunday, or legal holiday, the document is considered timely if filed on the following business day.
3. "Department" means the Arizona Department of Revenue as represented by personnel of the applicable section or area.
4. "Notice" means a written notification, issued by the Department, of a tax assessment, refund denial, or any other action taken or proposed to be taken that is subject to appeal as a contested case or an appealable agency action under A.R.S. Title 41, Chapter 6.
5. "Petition" means a written request for hearing, correction, or redetermination, including all applicable attachments.
6. "Petitioner" means the taxpayer or the representative of the taxpayer who files a petition.
7. "Refund denial" means a taxpayer's claim for a refund of tax, penalty, interest, or refundable credit that has been denied by the Department.
8. "Tax assessment" means any tax issue whether associated with a proposed amount due or the application of penalties and interest.

**Historical Note**

Adopted effective June 22, 1981 (Supp. 81-3). Section repealed, new Section adopted effective December 23, 1993 (Supp. 93-4). Amended effective January 20, 1998 (Supp. 98-1).

**R15-10-102. Scope of Article 1**

A Department hearing officer shall conduct all hearings regarding the taxes under A.R.S. § 42-1101, unless A.R.S. § 41-1092.02 requires that an ALJ hear the matter.

**Historical Note**

Adopted effective June 22, 1981 (Supp. 81-3). Section repealed, new Section adopted effective December 23, 1993 (Supp. 93-4). Section repealed, new Section adopted effective January 20, 1998 (Supp. 98-1). Amended by final rulemaking at 7 A.A.R. 2900, effective June 13, 2001 (Supp. 01-2).

**R15-10-103. Taxpayer Hearing Rights**

With respect to a protest hearing, the taxpayer has the right, subject to confidentiality laws, to:

1. Review documents applicable to the protest, or
2. Obtain from the Department copies of documents relevant to the taxpayer at the discretion of the Hearing Officer.

**Historical Note**

Adopted effective June 22, 1981 (Supp. 81-3). Former Section R15-10-103 renumbered to R15-10-105, new Section R15-10-103 adopted effective December 23, 1993 (Supp. 93-4).

**R15-10-104. Repealed****Historical Note**

Adopted effective June 22, 1981 (Supp. 81-3). Repealed effective December 23, 1993 (Supp. 93-4).

**R15-10-105. Petition**

- A. A taxpayer may protest a tax assessment or a refund denial by filing a petition that includes the following:
  1. The taxpayer's name, address, federal identification number, and all applicable state identification numbers;
  2. An explanation of the difference between the taxpayer's name in the notice and the taxpayer's name in the petition, if applicable;
  3. The last known name and address of both individuals if the petition concerns a married-filing-joint return;
  4. A copy of the notice or a statement that references the:
    - a. Tax type,
    - b. Tax period involved, and
    - c. The amount of the tax assessment or refund claimed including tax, penalties, interest, and refundable credits;
  5. A statement of the amount of the tax assessment or refund denial being protested;
  6. A statement of any alleged error committed by the Department in determining the tax assessment or refund denial being protested;
  7. A statement of facts and legal arguments upon which the taxpayer relies to support the petition;
  8. The relief sought;
  9. The payment for all unprotested amounts of tax, interest, and penalties; and
  10. The petitioner's signature.
- B. A taxpayer may protest a matter other than a tax assessment or refund denial by filing a petition that includes the following:
  1. The taxpayer's name, address, federal identification number, and all applicable state identification numbers;
  2. An explanation of the difference between the taxpayer's name in the notice and the taxpayer's name in the petition, if applicable;
  3. A copy of the notice or a statement describing the Department's action, proposed action, or determination for which a hearing is sought;
  4. A statement of any alleged error committed by the Department in its action;
  5. A statement of facts and legal arguments upon which the taxpayer relies to support the petition;
  6. The relief sought; and
  7. The petitioner's signature.
- C. The petitioner shall file the petition by:
  1. Mailing the petition to the applicable section at the Department of Revenue headquarters in Phoenix, Arizona; or
  2. Hand-delivering the petition to the License and Registration Section in any Department of Revenue office. A petitioner who hand-delivers a petition shall clearly mark the envelope to indicate that it is a petition. The License and Registration Section shall provide a receipt to a petitioner who hand-delivers a petition.
- D. The Department shall not charge a fee for filing a petition or any supporting documents.

**Historical Note**

Adopted effective June 22, 1981 (Supp. 81-3). Former Section R15-10-105 renumbered to R15-10-107, new Section R15-10-105 renumbered from R15-10-103 and amended effective December 23, 1993 (Supp. 93-4). Amended effective January 20, 1998 (Supp. 98-1). Amended by final rulemaking at 7 A.A.R. 2900, effective June 13, 2001 (Supp. 01-2).

**R15-10-106. Incomplete Petition**

- A. The Department hearing officer may dismiss a petition for a hearing that does not contain all of the information required by R15-10-105, unless the petitioner completes the petition within the time allowed to file the petition under R15-10-107, including any extension.
- B. The Department hearing officer may, on a showing of good cause by the petitioner, grant additional time to complete a timely-filed petition.

**Historical Note**

Adopted effective June 22, 1981 (Supp. 81-3). Section repealed, new Section adopted effective December 23, 1993 (Supp. 93-4). Amended by final rulemaking at 7 A.A.R. 2900, effective June 13, 2001 (Supp. 01-2).

**R15-10-107. Timeliness of Petition**

- A. A petition regarding taxes other than individual income tax is timely filed with the Department if it is filed as prescribed by R15-10-105(A) within 45 days after the taxpayer receives the tax assessment or refund denial from the Department.
- B. A petition for an individual income tax assessment or refund denial is timely filed with the Department if it is filed as prescribed by R15-10-105(A) within 90 days after the Department mails a notice to the taxpayer.
- C. A petition or an extension request filed by mail is considered filed on the date shown by its U.S. Postal Service postmark.
- D. A taxpayer or the taxpayer's representative may request that the Hearing Office grant an extension of time to file a petition.
  1. The taxpayer or the taxpayer's representative shall submit an extension request before the expiration of the time allowed for filing the petition in subsection (A) or subsection (B). The request shall be in writing and shall show good cause for the extension. The Department may grant additional time not to exceed 60 days at the discretion of the Hearing Office or on stipulation of the parties.
  2. If the Hearing Office does not grant the request for an extension in writing, the petition is due on the date specified in subsection (A) or (B).
- E. The Hearing Office shall dismiss a petition which the Hearing Office determines is not timely filed.
- F. If the taxpayer does not file a petition protesting a deficiency assessment within the time prescribed, the taxpayer may, after paying the tax assessment in full, apply for a refund pursuant to statutory provisions.

**Historical Note**

Adopted effective June 22, 1981 (Supp. 81-3). Former Section R15-10-107 renumbered to R15-10-109, new Section R15-10-107 renumbered from R15-10-105 and amended effective December 23, 1993 (Supp. 93-4). Amended effective January 20, 1998 (Supp. 98-1).

**R15-10-108. Expired****Historical Note**

Adopted effective June 22, 1981 (Supp. 81-3). Former Section R15-10-108 renumbered to R15-10-110, new Section R15-10-108 adopted effective December 23, 1993 (Supp. 93-4). Section expired under A.R.S. § 41-1056(J) at 21 A.A.R. 1197, effective July 7, 2015 (Supp. 15-3).

**R15-10-109. Expired****Historical Note**

Adopted effective June 22, 1981 (Supp. 81-3). Former Section R15-10-109 renumbered to R15-10-115, new Section R15-10-109 renumbered from R15-10-107 and amended effective December 23, 1993 (Supp. 93-4).

Amended effective January 20, 1998 (Supp. 98-1). Section expired under A.R.S. § 41-1056(J) at 21 A.A.R. 1197, effective July 7, 2015 (Supp. 15-3).

**R15-10-110. Withdrawal of Petition**

- A. The petitioner may submit a written request to withdraw a petition at any time before the Department hearing officer issues a written decision.
- B. If the Department and the petitioner resolve the matters protested before the hearing, the parties shall submit a written agreement or stipulation to the hearing officer, and the hearing officer shall deem the petition withdrawn.
- C. The hearing officer shall issue an order that the petition is withdrawn and that the matter is closed at the hearing office.

**Historical Note**

Adopted effective June 22, 1981 (Supp. 81-3). Former Section R15-10-110 repealed, new Section R15-10-110 renumbered from R15-10-108 and amended effective December 23, 1993 (Supp. 93-4). Amended by final rulemaking at 7 A.A.R. 2900, effective June 13, 2001 (Supp. 01-2).

**R15-10-111. Repealed****Historical Note**

Adopted effective June 22, 1981 (Supp. 81-3). Section repealed effective December 23, 1993 (Supp. 93-4).

**R15-10-112. Renumbered****Historical Note**

Adopted effective June 22, 1981 (Supp. 81-3). Former Section R15-10-112 renumbered to R15-10-116 effective December 23, 1993 (Supp. 93-4).

**R15-10-113. Renumbered****Historical Note**

Adopted effective June 22, 1981 (Supp. 81-3). Former Section R15-10-113 renumbered to R15-10-119 effective December 23, 1993 (Supp. 93-4).

**R15-10-114. Renumbered****Historical Note**

Adopted effective June 22, 1981 (Supp. 81-3). Former Section R15-10-114 renumbered to R15-10-117 effective December 23, 1993 (Supp. 93-4).

**R15-10-115. Request for Hearings; Waiver**

- A. The hearing officer shall schedule an oral hearing upon request of the petitioner or the Department. If neither the petitioner nor the Department requests an oral hearing, the hearing officer shall:
  1. Consider the petition submitted for decision based on the petition and any memoranda filed, or
  2. Schedule an oral hearing.
- B. The hearing officer may, for good cause shown by any party to the hearing, postpone, recess, or continue an oral hearing to a specified date, time, and place. The hearing officer shall notify all the parties regarding a rescheduled hearing.
- C. If any party to the hearing fails to appear at the oral hearing without good cause, the hearing officer may:
  1. Proceed with the hearing,
  2. Reschedule the hearing, or
  3. Issue a decision based on the petition and memoranda provided.

**Historical Note**

Adopted effective June 22, 1981 (Supp. 81-3). Former Section R15-10-115 renumbered to R15-10-120, new

Section R15-10-115 renumbered from R15-10-109 and amended effective December 23, 1993 (Supp. 93-4). Amended by final rulemaking at 7 A.A.R. 2900, effective June 13, 2001 (Supp. 01-2).

#### **R15-10-116. Hearing Procedure**

- A. The hearing officer may hold hearings:
  1. In person,
  2. By telephone,
  3. By the submission of memoranda, or
  4. By a combination of these methods.
- B. For hearings by memoranda, the hearing officer shall prescribe a schedule for the submission of the memoranda.
- C. The hearing officer may:
  1. Conduct the hearing in an informal manner,
  2. Accept a stipulation of facts,
  3. Allow any party in the hearing to make an opening statement,
  4. Allow each party to state its position and present evidence,
  5. Allow each party to reply to any statements or arguments, and
  6. Allow any party to make closing statements or arguments.
- D. The hearing officer may remand any matter to the applicable section of the Department at the request of either party or at the hearing officer's discretion.

#### **Historical Note**

Adopted effective June 22, 1981 (Supp. 81-3). Former Section R15-10-116 renumbered to R15-10-121, new Section R15-10-116 renumbered from R15-10-112 and amended effective December 23, 1993 (Supp. 93-4). Amended by final rulemaking at 7 A.A.R. 2900, effective June 13, 2001 (Supp. 01-2).

#### **R15-10-117. Evidence**

- A. Each party to a hearing may:
  1. Call and examine witnesses,
  2. Introduce exhibits,
  3. Cross-examine opposing witnesses on any matter relevant to the issues even though the matter was not covered in the direct examination,
  4. Dispute the testimony of any witness regardless of which party first called the witness to testify, and
  5. Challenge the evidence presented.
- B. The Hearing Officer shall admit any relevant evidence, but shall consider objections to the admission of and comments on the weakness of evidence in assigning weight to the evidence. The Hearing Officer may deny admission of evidence that the Hearing Officer considers irrelevant, immaterial, or unduly repetitious.
- C. A party may substitute an exact copy of an original exhibit.
- D. The Hearing Officer may call anyone at the hearing to testify.

#### **Historical Note**

Adopted effective June 22, 1981 (Supp. 81-3). Former Section R15-10-117 renumbered to R15-10-118, new Section R15-10-117 renumbered from R15-10-114 and amended effective December 23, 1993 (Supp. 93-4). Amended effective January 20, 1998 (Supp. 98-1).

#### **R15-10-118. Expired**

#### **Historical Note**

Adopted effective June 22, 1981 (Supp. 81-3). Former Section R15-10-118 renumbered to R15-10-122, new Section R15-10-118 renumbered from R15-10-117 and amended effective December 23, 1993 (Supp. 93-4). Sec-

tion expired under A.R.S. § 41-1056(J) at 21 A.A.R. 1197, effective July 7, 2015 (Supp. 15-3).

#### **R15-10-119. Stipulation of Facts**

The petitioner and the Department may file a stipulation of facts stating:

1. The facts upon which they agree,
2. The facts that are in dispute, and
3. The reasons for the dispute.

#### **Historical Note**

Adopted effective June 22, 1981 (Supp. 81-3). Amended effective July 24, 1986 (Supp. 86-4). Former Section R15-10-119 renumbered to R15-10-130, new Section R15-10-119 renumbered from R15-10-113 and amended effective December 23, 1993 (Supp. 93-4). Amended by final rulemaking at 7 A.A.R. 2900, effective June 13, 2001 (Supp. 01-2).

#### **R15-10-120. Official Notice**

The Department hearing officer may take official notice of the following:

1. The records that the Department maintains,
2. Tax returns filed with the Department for or on behalf of the taxpayer or any affiliated person together with related records on file with the Department, or
3. A fact that is generally known in this state or that is capable of accurate and ready determination by reference to a source whose accuracy cannot reasonably be questioned.

#### **Historical Note**

Adopted effective June 22, 1981 (Supp. 81-3). Former Section R15-10-120 repealed, new Section R15-10-120 adopted effective July 24, 1986 (Supp. 86-4). Former Section R15-10-120 renumbered to R15-10-131, new Section R15-10-120 renumbered from R15-10-115 and amended effective December 23, 1993 (Supp. 93-4). Amended by final rulemaking at 7 A.A.R. 2900, effective June 13, 2001 (Supp. 01-2).

#### **R15-10-121. Subpoena by Petitioner**

- A. A petitioner requesting a subpoena shall apply, to the Hearing Officer submitting a proposed subpoena at least 10 days before the hearing.
- B. The Hearing Office shall not issue a subpoena for confidential or privileged information.

#### **Historical Note**

Adopted effective June 22, 1981 (Supp. 81-3). Former Section R15-10-121 repealed, new Section R15-10-121 adopted effective July 24, 1986 (Supp. 86-4). Former Section R15-10-121 renumbered to Section R15-10-132, new Section R15-10-121 renumbered from R15-10-116 and amended effective December 23, 1993 (Supp. 93-4). Amended effective January 20, 1998 (Supp. 98-1).

#### **R15-10-122. Transcripts and Records**

- A. The hearing officer shall record all oral hearings. Upon request of any party to the hearing, the hearing office shall provide a copy of the recording of the hearing, without charge, to the requesting party.
- B. A party to an oral hearing may:
  1. Transcribe the hearing at the party's own expense; and
  2. Cite a transcript in any proceeding, if the party provides a full copy of the transcript to the opposing party and the hearing officer.
- C. The petitioner shall not remove the records and files of the Department from the Department for use as evidence or other purposes. The Department shall, as permitted by law, provide a certified copy of Department records and files as requested

by the petitioner for use in the proceedings. The Department shall provide the copy at a reasonable charge not to exceed the commercial rate for the service.

**Historical Note**

Renumbered from R15-10-118 and amended effective December 23, 1993 (Supp. 93-4). Amended by final rulemaking at 7 A.A.R. 2900, effective June 13, 2001 (Supp. 01-2). Amended by final rulemaking at 15 A.A.R. 2140, effective January 30, 2010 (Supp. 09-4).

**R15-10-123. Reserved**

**R15-10-124. Reserved**

**R15-10-125. Reserved**

**R15-10-126. Reserved**

**R15-10-127. Reserved**

**R15-10-128. Reserved**

**R15-10-129. Reserved**

**R15-10-130. Decisions and Orders**

- A. The Hearing Officer shall issue a written decision, which sets forth the reasons for the decision, after reviewing the evidence submitted by the petitioner and the Department.
- B. A decision dismissing a petition as incomplete or not timely filed shall be based on the Hearing Officer's review of the petition, documents available, and any information officially noticed.
- C. The Hearing Office shall mail the decision of the Hearing Officer, by certified mail, to the last known address of the taxpayer. The Hearing Office shall immediately forward a copy of the decision to the applicable section in the Department of Revenue and to the Director.

**Historical Note**

Renumbered from R15-10-119 and amended effective December 23, 1993 (Supp. 93-4). Amended effective January 20, 1998 (Supp. 98-1).

**R15-10-131. Review of Decision of the Hearing Officer or ALJ**

- A. The decision of the Hearing Officer or ALJ is the final order of the Department of Revenue 30 days after the taxpayer receives the decision unless prior to that time:
  1. The petitioner or the Department petitions the Director to review the decision, or
  2. The Director independently determines that the decision requires review.
- B. The Director may grant an extension of time for filing a petition for review on a showing of good cause, if the request for an extension is in writing and is filed with the Director before the expiration of the 30-day period prescribed in subsection (A).
- C. A petition or an extension request filed by mail is considered filed on the date shown by the U.S. Postal Service postmark.
- D. The Director may grant a review of the decision of the Hearing Officer or ALJ if one of the parties asserts that any of the following causes has materially affected the party's rights:
  1. The findings of fact, conclusions of law, order, or decision are not supported by the evidence or are contrary to law;
  2. The party seeking review was deprived of a fair hearing due to irregularity in the proceedings, abuse of discretion, or misconduct of the prevailing party;
  3. Accident or surprise which could not have been prevented by ordinary prudence;
  4. Material evidence which has been newly discovered;

5. Error in admission or rejection of evidence or other errors of law occurring at the hearing or during the progress of the action; or

6. That the decision is the result of bias or prejudice.

- E. The Director may independently determine to review a decision of the Hearing Officer or ALJ if it appears that any of the causes listed in subsection (D) may have materially affected a party's rights.
- F. The petition for review of the Hearing Officer's or ALJ's decision shall be in writing, shall state the grounds upon which the petition is based, and the Director may grant leave to amend the petition at any time before it is ruled upon by the Director. At the time of filing, the petitioning party shall also serve a copy of the petition on the other party.
- G. If the Director has independently determined that the decision requires review, the Director shall send, by certified mail, notification of intent to review to the taxpayer, not more than 30 days after the taxpayer's receipt of the Hearing Officer's or ALJ's decision.
- H. On petition for review, or on the Director's independent review:
  1. The Director may open the decision of the Hearing Officer or ALJ, take additional evidence, amend findings of fact and conclusions of law, or make new findings and conclusions, and issue a new decision;
  2. The Director may issue a decision that summarily affirms the decision of the Hearing Officer or ALJ; or
  3. The Director may remand any matter to the Hearing Office, the Office of Administrative Hearings, or the appropriate section or area of the Department at the request of either party or at the Director's discretion.
- I. The Director's decision shall be sent by certified mail to the taxpayer, at the taxpayer's last known address.
- J. The taxpayer may appeal a Director's decision or a decision that is final pursuant to subsection (A) to the State Board of Tax Appeals or tax court under R15-10-132.

**Historical Note**

Renumbered from R15-10-120 and amended effective December 23, 1993 (Supp. 93-4). Amended effective October 11, 1995 (Supp. 95-4). Amended effective January 20, 1998 (Supp. 98-1).

**R15-10-132. Appeal of the Final Order of the Department of Revenue**

- A. Within 30 days of the date an order of the Department becomes final, a taxpayer disputing the final order of the Department of Revenue may:
  1. File an appeal with the State Board of Tax Appeals, or
  2. Bring an action in tax court, unless the case involves an individual income tax dispute of less than \$5,000.
- B. If the Director is reviewing the Hearing Officer's or ALJ's decision under R15-10-131, such review by the Director shall be completed before an appeal can be taken to the State Board of Tax Appeals or an action can be brought in tax court.

**Historical Note**

Renumbered from R15-10-121 and amended effective December 23, 1993 (Supp. 93-4). Amended effective January 20, 1998 (Supp. 98-1).

**ARTICLE 2. ADMINISTRATION**

**R15-10-201. Closing Agreements Relating to Tax Liability**

- A. A closing agreement under A.R.S. § 42-1113 or A.R.S. § 42-2056 may relate to any taxable period.
  1. The Department and a taxpayer may enter into a closing agreement for:

- a. A taxable period that ends before the date of the agreement that:
  - i. Relates to one or more separate items affecting the liability of the taxpayer, or
  - ii. Relates to the total liability of the taxpayer.
- b. A taxable period that ends after the date of the agreement only if the agreement relates to one or more separate items affecting the liability of the taxpayer.
2. The Department and the taxpayer may enter into a closing agreement even if under the agreement the taxpayer is not liable for any tax for the period to which the agreement relates.
3. The Department and a taxpayer may enter into more than one closing agreement for a taxable period relating to the liability of the taxpayer.
- B.** A closing agreement shall be in writing and shall state the conditions of the agreement.
- C.** A closing agreement is not effective until it is signed by the taxpayer or an authorized representative of the taxpayer and by an authorized representative of the Department.

#### Historical Note

Adopted effective September 16, 1987 (Supp. 87-3). Former Section R15-10-201 renumbered to R15-5-2207 (Supp. 94-1). New Section R15-10-201 renumbered from R15-2-231 (Supp. 94-1). Amended effective January 20, 1998 (Supp. 98-1). Amended by final rulemaking at 7 A.A.R. 2900, effective June 13, 2001 (Supp. 01-2).

#### R15-10-202. Expired

#### Historical Note

Adopted effective April 26, 1989 (Supp. 89-2). Section R15-10-202 renumbered to R15-5-601 (Supp. 94-1). New Section R15-10-202 renumbered from R15-2-326 at 5 A.A.R. 1619, May 28, 1999 (Supp. 99-2). Section expired under A.R.S. § 41-1056(J) at 21 A.A.R. 1197, effective July 7, 2015 (Supp. 15-3).

### ARTICLE 3. AUTHORIZED TRANSMISSION OF FUNDS

#### R15-10-301. Definitions

The following definitions apply for purposes of this Article:

1. “ACH” means an automated clearing house that is a central distribution and settlement point for the electronic clearing of debits and credits between financial institutions.
2. “ACH credit” means an electronic funds transfer generated by a payor, cleared through an ACH for deposit to the Department account.
3. “ACH debit” means an electronic transfer of funds from a payor’s account, as indicated on a signed authorization agreement, that is generated at a payor’s instruction and cleared through an ACH for deposit to the Department account.
4. “Addenda record” means the information required by the Department in an ACH credit transfer or wire transfer, in the approved electronic format prescribed in R15-10-306(B).
5. “Authorized means of transmission” means the deposit of funds into the Department account by electronic funds transfer.
6. “Cash Concentration or Disbursement plus” or “CCD plus” means the standardized data format approved by the National Automated Clearing House Association for remitting tax payments electronically.
7. “Data Collection Center” means a third party who, under contract with the Department, collects and processes electronic funds transfer payment information from payors.
8. “Department” means the Arizona Department of Revenue.
9. “EFT Program” means the payment of taxes by electronic funds transfer as specified by this Article.
10. “Electronic Funds Transfer” or “EFT” means any transfer of funds initiated through an electronic terminal, telephonic instrument, computer, or magnetic tape, where the person initiating the transfer orders, instructs, or authorizes a financial institution to debit or credit an account using the methods specified in these rules.
11. “Financial institution” means a state or national bank, a trust company, a state or federal savings and loan association, a mutual savings bank, or a state or federal credit union.
12. “Payment information” means the data that the Department requires of a payor making an electronic funds transfer payment.
13. “Payor” means a taxpayer or payroll service.
14. “Payor information number” means a confidential code assigned to identify the payor and allow the payor to communicate payment information to the Data Collection Center.
15. “Payroll service” means a third party, under contract with a taxpayer to provide tax payment services on behalf of the taxpayer.
16. “State Servicing Bank” means a bank designated under A.R.S. Title 35, Chapter 2, Article 2.
17. “Tax type” means a tax that is subject to electronic funds transfer, each of which shall be considered a separate category of payment.
18. “Wire transfer” or “Fedwire” means an instantaneous electronic funds transfer initiated by a payor.

#### Historical Note

Adopted effective July 30, 1993 (Supp. 93-3). Amended effective June 15, 1998 (Supp. 98-2).

#### R15-10-302. General Requirements

- A.** For tax periods beginning on or after January 1, 1993, the following taxpayers shall remit the following tax payments:
  1. Taxpayers who, under A.R.S. Title 43, Chapter 4, had an average Arizona quarterly withholding tax liability during the prior tax year of \$100,000 or more shall remit Arizona withholding tax payments by an authorized means of transmission;
  2. Corporations which had an Arizona income tax liability during the prior tax year of \$100,000 or more shall remit Arizona estimated income tax payments by an authorized means of transmission.
- B.** For tax periods beginning on or after January 1, 1994, the following taxpayers shall remit the following tax payments:
  1. Taxpayers who, under A.R.S. Title 43, Chapter 4, had an average Arizona quarterly withholding tax liability during the prior tax year of \$50,000 or more shall remit Arizona withholding tax payments by an authorized means of transmission;
  2. Corporations which had an Arizona income tax liability during the prior tax year of \$50,000 or more shall remit Arizona estimated income tax payments by an authorized means of transmission.
- C.** For tax periods beginning on or after January 1, 1997, the following taxpayers shall remit the following tax payments:
  1. Taxpayers who, under A.R.S. Title 43, Chapter 4, had an average Arizona quarterly withholding tax liability during the prior tax year of \$20,000 or more shall remit

- Arizona withholding tax payments by an authorized means of transmission;
2. Corporations which had an Arizona income tax liability during the prior tax year of \$20,000 or more shall remit Arizona estimated income tax payments by an authorized means of transmission.
- D.** The average Arizona quarterly withholding tax liability is determined by dividing the taxpayer's total Arizona withholding tax liability for the calendar year by 4.
- E.** For tax periods beginning on or after July 1, 1997, taxpayers who, under A.R.S. Title 42, Chapters 8, 8.1, 8.2, 8.3, 9.1, and 9.2 had an annual tax liability during the prior calendar year of \$1 million or more shall remit these tax payments by an authorized means of transmission.

**Historical Note**

Adopted effective July 30, 1993 (Supp. 93-3). Amended effective December 17, 1993 (Supp. 93-4). Amended effective October 4, 1996 (Supp. 96-4).

**R15-10-303. Voluntary Participation**

- A.** For tax periods beginning on or after January 1, 1993, a taxpayer who, during the prior tax year, had a corporate income tax liability or an average quarterly withholding tax liability of less than \$100,000 may elect to participate in the EFT Program by submitting to the Department an electronic funds transfer authorization agreement that complies with R15-10-304.
- B.** For tax periods beginning on or after January 1, 1994, a taxpayer who, during the prior tax year, had a corporate income tax liability or an average quarterly withholding tax liability of less than \$50,000 may elect to participate in the EFT Program by submitting to the Department an electronic funds transfer authorization agreement that complies with R15-10-304.
- C.** For tax periods beginning on or after January 1, 1997, a taxpayer who, during the prior tax year, had a corporate income tax liability or an average quarterly withholding tax liability of less than \$20,000 may elect to participate in the EFT Program by submitting to the Department an electronic funds transfer authorization agreement that complies with R15-10-304.
- D.** For tax periods beginning on or after July 1, 1997, a taxpayer who, under A.R.S. Title 42, Chapters 8, 8.1, 8.2, 8.3, 9.1, and 9.2 had an annual tax liability during the prior calendar year, of less than \$1 million dollars may elect to participate in the EFT Program by submitting to the Department an electronic funds transfer authorization agreement that complies with R15-10-304.
- E.** For tax periods beginning on and after January 1, 1999, any taxpayer who has a luxury tax liability may elect to participate in the EFT Program by submitting to the Department an electronic funds transfer authorization agreement that complies with R15-10-304.
- F.** A taxpayer authorized to participate in the EFT Program shall provide at least 30 days prior written notice to the Department if the taxpayer elects to cease voluntary participation in the EFT Program.

**Historical Note**

Adopted effective July 30, 1993 (Supp. 93-3). Amended effective December 17, 1993 (Supp. 93-4). Amended effective October 4, 1996 (Supp. 96-4). Amended effective June 15, 1998 (Supp. 98-2).

**R15-10-304. Authorization Agreement**

- A.** The payor shall complete an electronic funds transfer authorization agreement in the form prescribed by the Department at least 30 days prior to initiation of the first applicable transaction. The form shall include the following information:

1. Name and address of the taxpayer;
2. Federal identification number of the taxpayer;
3. Withholding number of the taxpayer, if applicable;
4. Transaction privilege tax license number of taxpayer, if applicable;
5. Type of action being taken;
6. Tax type;
7. Method of payment;
8. Name and phone number of taxpayer's EFT contact person;
9. Name and address of any payroll service, if applicable;
10. Name and phone number of the payroll service's EFT contact person;
11. Financial institution name and address;
12. Type of bank account;
13. Name on bank account;
14. Bank account number; and,
15. Bank routing transit number.

- B.** A payor shall submit a revised authorization agreement to the Department at least 30 days prior to any change in the information required in subsection (A).

**Historical Note**

Adopted effective July 30, 1993 (Supp. 93-3). Amended effective June 15, 1998 (Supp. 98-2).

**R15-10-305. Methods of Electronic Funds Transfer**

- A.** Payors shall use the ACH debit transfer method to remit payment by electronic funds transfer unless the Department grants permission to use the ACH credit method.
- B.** The Department may authorize the use of the ACH credit method for payors desiring to use this method. A payor that chooses to use the ACH credit method shall provide the payment information required in R15-10-306(B)(2).
- C.** The Department may withdraw permission to use the ACH credit method of payment if the payor shows disregard for the requirements and specifications of these rules by failing to:
1. Make timely electronic funds transfer payments,
  2. Provide timely payment information,
  3. Provide the required addenda record with the electronic funds transfer payment, or
  4. Make correct payment.
- D.** Payors who, for reasons beyond their control, are unable to use their established method of payment may request that the Department accept deposits to the Department account via wire transfer in accordance with the following:
1. The payor shall contact the Department, state the reason which prevents timely compliance under either the ACH debit method or ACH credit method, and obtain verbal approval to wire transfer the tax payment to the Department account prior to initiating the transmission.
  2. Approved wire transfers shall be accompanied by an addenda record, that includes the same information required for ACH credit transfers under R15-10-306(B)(2).

**Historical Note**

Adopted effective July 30, 1993 (Supp. 93-3). Amended effective June 15, 1998 (Supp. 98-2).

**R15-10-306. Procedures for Payment**

- A.** Payors using the ACH Debit Method shall report payment information to the Data Collection Center no later than the time prescribed by the State Servicing Bank on the last business day before the due date of the payment.
1. Payment information shall be communicated by one of the following means:

- a. Operator-assisted communication of payment information made orally by rotary or touch-tone telephone,
  - b. Touch-tone communication of payment information made by entering data via key pad of a touch-tone telephone, or
  - c. Computer terminal linked with the Data Collection Center.
2. Payors shall communicate the following payment information to the Data Collection Center:
    - a. Payor information number,
    - b. Taxpayer identification number,
    - c. Tax type,
    - d. Payment amount,
    - e. Tax period,
    - f. Payment due date, and
    - g. Payment sequence number.
- B.** Payors authorized to use the ACH credit method shall initiate payment transactions directly with a financial institution in a timely manner to ensure that the payment is deposited to the Department account on or before the payment due date.
1. All ACH credit transfers shall be in the CCD-plus addenda format.
  2. The addenda format, as specified in subsection (B)(1), shall include the following information:
    - a. Taxpayer identification number,
    - b. Tax type,
    - c. Payment amount,
    - d. Tax period,
    - e. Payment sequence number,
    - f. Taxpayer verification number,
    - g. Department account number, and
    - h. American Bank Association 9-digit number of the receiving bank.
2. Identification of the tax type and the administrative proceeding for which reimbursement is sought;
  3. An explanation of why the taxpayer alleges that the position of the Department in the administrative proceeding was not substantially justified;
  4. If multiple issues were presented in the administrative proceeding and the taxpayer did not prevail on all issues, an explanation of:
    - a. The issue or set of issues on which the taxpayer prevailed,
    - b. The issue or set of issues on which the taxpayer did not prevail, and
    - c. The issue or set of issues on which the taxpayer prevailed and why the issue or set of issues presented in the administrative proceeding is the most significant.
  5. A statement that the taxpayer did not unduly and unreasonably protract the administrative proceeding for which reimbursement is sought;
  6. A statement that the reason the taxpayer prevailed is not due to an intervening change in the applicable law; and
  7. A detailed explanation of the nature and amount of each specific item for which reimbursement is sought.
- C.** An application may also include any other matters that the taxpayer wishes the Department's problem resolution officer to consider in determining whether and in what amount reimbursement should be made.
- D.** The taxpayer shall sign the application and verify under penalty of perjury that the information provided in the application and any accompanying material is accurate and complete.
- E.** If a paid representative of the taxpayer prepares the application, the representative shall also sign the application and verify under penalty of perjury that the information provided in the application and all accompanying material is accurate and complete.
- F.** Fees and costs incurred in making application for reimbursement or regarding an appeal of a decision for reimbursement do not relate to an administrative proceeding in connection with an assessment, determination, collection, or refund of tax and are not reimbursable.

#### Historical Note

Adopted effective July 30, 1993 (Supp. 93-3). Amended effective June 15, 1998 (Supp. 98-2).

#### R15-10-307. Timely Payment

- A.** A taxpayer remitting a tax payment through an electronic funds transfer shall initiate the transfer so that the payment is deposited to the Department account on or before the payment due date.
- B.** If a tax due date falls on a Saturday, Sunday, or legal holiday, the deposit by an electronic funds transfer shall be made no later than 5:00 p.m. on the next banking day.
- C.** A taxpayer required to, or who voluntarily elects to, participate in the EFT Program is subject to the penalty prescribed by A.R.S. § 42-1125(D) if the payment is not deposited to the Department account on or before the payment due date.

#### Historical Note

Adopted effective July 30, 1993 (Supp. 93-3). Amended effective June 15, 1998 (Supp. 98-2). Amended by final rulemaking at 7 A.A.R. 2900, effective June 13, 2001 (Supp. 01-2).

### ARTICLE 4. REIMBURSEMENT OF FEES AND OTHER COSTS RELATED TO AN ADMINISTRATIVE PROCEEDING

#### R15-10-401. Application for Reimbursement of Fees and Other Costs Related to an Administrative Proceeding

- A.** To apply for reimbursement of reasonable fees and other costs, as provided in A.R.S. § 42-2064, a taxpayer shall file a written application with the Department's problem resolution officer.
- B.** An application shall include the following:
  1. Taxpayer's name, address, and identification number;

#### Historical Note

Adopted effective March 13, 1998 (Supp. 98-1). Amended by final rulemaking at 7 A.A.R. 2900, effective June 13, 2001 (Supp. 01-2).

#### R15-10-402. Documentation of Payment of Fees and Other Costs

The taxpayer shall submit with the application documentation which shows payment of the fees and costs for which the taxpayer seeks reimbursement. The taxpayer shall submit a separate itemized statement for each firm or individual that provided services covered by the application. The itemized statement shall show the hours spent in connection with the administrative proceeding by each individual, a description of the specific services performed, and the rates used in computing each fee. Each statement shall reflect payment or the taxpayer shall attach proof of payment to the statement. Separate, itemized statements of any other costs incurred by the taxpayer, together with proof of payment, shall also accompany an application.

#### Historical Note

Adopted effective March 13, 1998 (Supp. 98-1).

#### R15-10-403. Filing an Application

- A.** A taxpayer shall file an application for reimbursement of fees and other costs only after the conclusion of administrative pro-



ceedings, but not later than 30 days after the conclusion of administrative proceedings.

- B.** For purposes of this rule, the conclusion of administrative proceedings is determined as follows:
1. For a decision of a hearing officer or administrative law judge, the conclusion of administrative proceedings occurs 30 days after the taxpayer receives the decision unless, within the 30-day period, one of the following occurs:
    - a. The taxpayer appeals the decision, or any part of the decision, to the State Board of Tax Appeals;
    - b. The taxpayer or the Department petitions the Director to review the decision, or any part of the decision;
    - c. The Director independently determines that the decision, or any part of the decision, requires review.
  2. When a decision of a hearing officer or administrative law judge is subject to a review by the Director, the conclusion of administrative proceedings occurs 30 days after the taxpayer receives the Director's decision unless, within the 30-day period, the taxpayer appeals the decision, or any part of the decision to the State Board of Tax Appeals.
  3. When a taxpayer appeals a decision, or any part of a decision, to the State Board of Tax Appeals, the conclusion of administrative proceedings occurs 30 days after the taxpayer receives the decision of the State Board of Tax Appeals.

#### Historical Note

Adopted effective March 13, 1998 (Supp. 98-1).

#### R15-10-404. Decisions

- A.** The Department's problem resolution officer shall issue a written decision on each application for reimbursement of fees and other costs. The problem resolution officer shall issue the decision within 30 days after receipt of the application and shall set forth the reason for the decision.
- B.** The problem resolution officer's decision is issued when mailed to the taxpayer's address furnished in the application.

#### Historical Note

Adopted effective March 13, 1998 (Supp. 98-1).

### ARTICLE 5. ELECTRONIC FILING PROGRAM

#### R15-10-501. Definitions

In addition to the definitions provided in A.R.S. §§ 42-1101.01, 42-1103.01, 42-1103.02, 42-1103.03, and 42-1105.02, unless the context provides otherwise, the following definitions apply to this Article and to A.R.S. Title 42, Chapter 2:

"AZTaxes.gov" means the Department's taxpayer service center web site that provides taxpayers with the ability to conduct transactions and review tax account information over the internet.

"Authorized user" means an individual, including a return preparer or electronic return preparer as defined in A.R.S. § 42-1101.01, granted limited authority by the security administrator to access taxpayer information available on the AZTaxes.gov web site.

"Electronic return, statement or other document" means all data entered into a return, statement, or other document that is prepared using computer software and transmitted electronically to the Department.

"Electronic return transmitter" includes a person who is part of the chain of transmission of an electronic return, statement, or other document from the taxpayer or from an electronic return preparer to the Department even though the person did not

receive the transmitted return, statement, or other document directly from the taxpayer or electronic return preparer.

"License" means one or more transaction privilege, use, or withholding tax licenses or registrations obtained from the Department by completing and submitting a mail-in Arizona Joint Tax Application or by completing the online AZTaxes.gov business registration process and submitting an executed AZTaxes.gov Registration Signature Card.

"Registered customer" means a taxpayer that has, by means of providing specific information requested by the Department through its AZTaxes.gov web site registration process, obtained a username and password entitling that taxpayer to conduct transactions and access its account information through the AZTaxes.gov web site.

"Security administrator" means an individual, including a return preparer or electronic return preparer as defined in A.R.S. § 42-1101.01, appointed and authorized to administer security access on the AZTaxes.gov web site for the specified taxpayer. The security administrator is appointed by the individual taxpayer, a partner duly authorized to act for the partnership, a manager duly authorized to act for the limited liability company, or a principal officer of the corporation.

"Security access" means the unlimited ability of the taxpayer or the security administrator to access the taxpayer's online accounts, conduct online transactions for the taxpayer, designate authorized users, specify the level of access granted to an authorized user, and modify or terminate the access of any authorized user.

#### Historical Note

New Section made by final rulemaking at 7 A.A.R. 5383, effective November 8, 2001 (Supp. 01-4). Amended by final rulemaking at 9 A.A.R. 5044, effective November 4, 2003 (Supp. 03-4).

#### R15-10-502. Recordkeeping Requirements

- A.** For each electronic return of individual income or withholding tax filed with the Department, the electronic return preparer shall keep the documents listed in A.R.S. § 42-1105(F) for four years following the later of the return's due date or the date the return was filed with the Department.
- B.** For each electronic return of transaction privilege or use tax filed with the Department, the electronic return preparer shall keep the documents listed in A.R.S. § 42-1105(F) for six years following the later of the return's due date or the date the return was filed with the Department.

#### Historical Note

New Section made by final rulemaking at 7 A.A.R. 5383, effective November 8, 2001 (Supp. 01-4). Amended by final rulemaking at 9 A.A.R. 5044, effective November 4, 2003 (Supp. 03-4).

#### R15-10-503. Electronic Signatures for Individual Income Tax

- A.** If a taxpayer electronically signs the taxpayer's federal individual income tax return, the taxpayer may elect to use the electronic signature from the federal return to sign the taxpayer's Arizona individual income tax return. By electing to use the federal electronic signature for the Arizona electronic return, the taxpayer is declaring, under penalties of perjury, that the electronic return is, to the best of the taxpayer's knowledge and belief, true, correct, and complete.
- B.** A taxpayer makes an election under subsection (A) by doing the following:
1. If the taxpayer is preparing the taxpayer's Arizona electronic return, the taxpayer makes the election by signifying the election during the electronic filing process.

2. If the taxpayer uses an electronic return preparer to prepare the taxpayer's Arizona electronic return, the taxpayer makes the election by:
  - a. Signifying the election during the electronic filing process, or
  - b. Authorizing, in writing on a form prescribed by the Department, the electronic return preparer to make the election on behalf of the taxpayer.
- C. A taxpayer that does not elect to electronically sign the taxpayer's federal income tax return shall not electronically sign the taxpayer's Arizona electronic return.
  - b. The legal name and e-mail address of the security administrator, and
3. Submit to the Department either the executed, mail-in Arizona Joint Tax Application or the AZTaxes.gov Registration Signature Card as evidence of the following:
  - a. If submitted during web site registration, the information provided during the AZTaxes.gov registration process is true and correct,
  - b. The information contained in the Arizona Joint Tax Application or submitted during the online business registration is true and correct,
  - c. The signatory is duly authorized to act on behalf of the business, receive confidential information, and waive any rights of confidentiality, and
  - d. Security access is granted to the taxpayer's security administrator if one is appointed.

**Historical Note**

New Section made by final rulemaking at 7 A.A.R. 5383, effective November 8, 2001 (Supp. 01-4).

**R15-10-504. Electronic Signatures for Transaction Privilege, Use, and Withholding Tax**

- A. To become a registered customer of the AZTaxes.gov web site a taxpayer that has a license shall:
  1. Provide the following information during the AZTaxes.gov web site registration process:
    - a. The legal name of the registrant and any one of the following numbers:
      - i. The registrant's federal employer identification number,
      - ii. The registrant's social security number, if the registrant is a sole proprietor, or
      - iii. The identification number assigned to the registrant by the Department if the registrant is not required under federal or international law to obtain either a federal employer identification number or social security number, and
    - b. The legal name and e-mail address of the security administrator, and
  2. Submit to the Department an executed AZTaxes.gov Registration Signature Card as evidence of the following:
    - a. If submitted during web site registration, the information provided during the AZTaxes.gov registration process is true and correct,
    - b. If previously submitted, the information contained in the Arizona Joint Tax Application is true and correct,
    - c. The signatory is duly authorized to act on behalf of the business, receive confidential information, and waive any rights of confidentiality, and
    - d. Security access is granted to the taxpayer's security administrator if one is appointed.
- B. To become a registered customer of the AZTaxes.gov web site a taxpayer that has not obtained a license from the Department shall:
  1. Obtain a license by completing either the mail-in Arizona Joint Tax Application or the online business registration,
  2. Provide the following information during the AZTaxes.gov web site registration process:
    - a. The legal name of the registrant and any one of the following numbers:
      - i. The registrant's federal employer identification number,
      - ii. The registrant's social security number, if the registrant is a sole proprietor, or
      - iii. The identification number assigned to the registrant by the Department if the registrant is not required under federal or international law to obtain either a federal employer identification number or social security number, and
    - b. The legal name and e-mail address of the security administrator, and
  3. Submit to the Department either the executed, mail-in Arizona Joint Tax Application or the AZTaxes.gov Registration Signature Card as evidence of the following:
    - a. If submitted during web site registration, the information provided during the AZTaxes.gov registration process is true and correct,
    - b. The information contained in the Arizona Joint Tax Application or submitted during the online business registration is true and correct,
    - c. The signatory is duly authorized to act on behalf of the business, receive confidential information, and waive any rights of confidentiality, and
    - d. Security access is granted to the taxpayer's security administrator if one is appointed.
- C. A taxpayer, its security administrator, or authorized user shall use the taxpayer's signature on the document submitted under subsection (B)(3) to sign any of the taxpayer's electronic transaction privilege, use, or withholding tax returns. Use of the taxpayer's signature is the taxpayer's declaration, under penalties of perjury, that the electronic return is, to the best of the taxpayer's knowledge and belief, true, correct, and complete.
- D. To file an electronic return under subsection (C):
  1. If the taxpayer or security administrator is preparing the taxpayer's electronic return, the taxpayer or security administrator shall access the AZTaxes.gov web site and electronically file the return.
  2. If the taxpayer's authorized user is preparing the taxpayer's electronic return, the taxpayer shall:
    - a. Access the AZTaxes.gov web site and electronically file the return, or
    - b. Authorize, in writing on a form prescribed by the Department, the authorized user to access the taxpayer's account on the AZTaxes.gov web site and electronically file the return on behalf of the taxpayer.

**Historical Note**

New Section made by final rulemaking at 9 A.A.R. 5044, effective November 4, 2003 (Supp. 03-4).

**ARTICLE 6. EMERGENCY EXPIRED**

**R15-10-601. Emergency Expired**

**Historical Note**

Section reserved by emergency rulemaking at 9 A.A.R. 4443, effective September 22, 2003 for a period of 180 days (Supp. 03-3). Emergency expired, effective March 20, 2004 (Supp. 09-2). New Section reserved by emergency rulemaking at 15 A.A.R. 825, effective April 30, 2009 for a period of 180 days (Supp. 09-2). Emergency expired, effective October 27, 2009 (Supp. 09-4).

**R15-10-602. Emergency Expired**

**Historical Note**

New Section made by emergency rulemaking at 9 A.A.R. 4443, effective September 22, 2003 for a period of 180 days (Supp. 03-3). Emergency expired, effective March 20, 2004 (Supp. 09-2). New Section made by emergency rulemaking at 15 A.A.R. 825, effective April 30, 2009 for a period of 180 days (Supp. 09-2). Emergency expired, effective October 27, 2009 (Supp. 09-4).

**R15-10-603. Emergency Expired****Historical Note**

New Section made by emergency rulemaking at 9 A.A.R. 4443, effective September 22, 2003 for a period of 180 days (Supp. 03-3). Emergency expired, effective March 20, 2004 (Supp. 09-2). New Section made by emergency rulemaking at 15 A.A.R. 825, effective April 30, 2009 for a period of 180 days (Supp. 09-2). Emergency expired, effective October 27, 2009 (Supp. 09-4).

**R15-10-604. Emergency Expired****Historical Note**

New Section made by emergency rulemaking at 9 A.A.R. 4443, effective September 22, 2003 for a period of 180 days (Supp. 03-3). Emergency expired, effective March 20, 2004 (Supp. 09-2). New Section made by emergency rulemaking at 15 A.A.R. 825, effective April 30, 2009 for a period of 180 days (Supp. 09-2). Emergency expired, effective October 27, 2009 (Supp. 09-4).

**R15-10-605. Emergency Expired****Historical Note**

New Section made by emergency rulemaking at 9 A.A.R. 4443, effective September 22, 2003 for a period of 180 days (Supp. 03-3). Emergency expired, effective March 20, 2004 (Supp. 09-2). New Section made by emergency rulemaking at 15 A.A.R. 825, effective April 30, 2009 for a period of 180 days (Supp. 09-2). Emergency expired, effective October 27, 2009 (Supp. 09-4).

**R15-10-606. Emergency Expired****Historical Note**

New Section made by emergency rulemaking at 9 A.A.R. 4443, effective September 22, 2003 for a period of 180 days (Supp. 03-3). Emergency expired, effective March 20, 2004 (Supp. 09-2). New Section made by emergency rulemaking at 15 A.A.R. 825, effective April 30, 2009 for a period of 180 days (Supp. 09-2). Emergency expired, effective October 27, 2009 (Supp. 09-4).

**R15-10-607. Emergency Expired****Historical Note**

New Section made by emergency rulemaking at 9 A.A.R. 4443, effective September 22, 2003 for a period of 180 days (Supp. 03-3). Emergency expired, effective March 20, 2004 (Supp. 09-2). New Section made by emergency rulemaking at 15 A.A.R. 825, effective April 30, 2009 for a period of 180 days (Supp. 09-2). Emergency expired, effective October 27, 2009 (Supp. 09-4).

**EMERGENCY RULEMAKING****ARTICLE 7. TAX RECOVERY PROGRAM****R15-10-701. Reserved****EMERGENCY RULEMAKING****R15-10-702. General**

- A.** The Arizona Department of Revenue has established a Tax Recovery Program for the period of September 1, 2015 through October 31, 2015, as required under Laws 2015, First Regular Session, Chapter 10, § 19.
- B.** The Tax Recovery Program applies to tax liabilities for the following:
1. Income tax, including individual, corporate and fiduciary;
  2. Transaction privilege tax;
  3. Severance tax;
  4. Use tax;

5. Telecommunications excise tax;
  6. County excise taxes;
  7. Tax on water use;
  8. Jet fuel excise and use tax;
  9. Car rental surcharge levied under A.R.S. § 5-839;
  10. Tax on hotels levied under A.R.S. § 5-840;
  11. County jail district excise tax levied under A.R.S. § 48-4022;
  12. Car rental surcharge for major league spring training levied under A.R.S. § 48-4234;
  13. Public health services district transaction privilege tax or property tax levied under A.R.S. § 48-5805;
- C.** To qualify for the Tax Recovery Program, the taxpayer must submit a complete and correct application for recovery and such application must be received by the department no later than November 2, 2015. The taxpayer does not qualify for recovery under the Tax Recovery Program if any amount of the unpaid tax is not included with the application.
- D.** Any return or report filed under the Tax Recovery Program is subject to verification as provided in law.

**Historical Note**

New Section made by emergency rulemaking at 17 A.A.R. 1864, effective August 31, 2011 for 180 days (Supp. 11-3). Emergency expired February 27, 2012. New Section made by emergency rulemaking at 21 A.A.R. 1830, effective August 19, 2015 for 180 days (Supp. 15-3).

**EMERGENCY RULEMAKING****R15-10-703. Tax Periods Under Audit**

- A.** A taxpayer may apply for tax recovery for a tax period under audit only if the application for tax recovery contains all of the tax periods under audit that are within the liability period as defined by Laws 2015, First Regular Session, Chapter 10, § 19. The department shall reject as incomplete an application that contains less than all of the tax periods under audit that are within the liability period. A taxpayer shall not include on an application for tax recovery any tax periods occurring after the liability period, even if included in the tax periods under audit.
- B.** For purposes of this Section, “tax periods under audit” means all of the tax periods
1. that were included in:
    - a. proposed assessments issued by the department that were mailed to the taxpayer at the same time;
    - b. department requests for tax returns that were mailed to the taxpayer at the same time;
    - c. department requests for information that were mailed to the taxpayer at the same time; or
    - d. department requests for scheduling an audit that were mailed to the taxpayer at the same time; and
  2. for which the taxpayer continues to have administrative or judicial appeal rights.

**Historical Note**

New Section made by emergency rulemaking at 17 A.A.R. 1864, effective August 31, 2011 for 180 days (Supp. 11-3). Emergency expired February 27, 2012. New Section made by emergency rulemaking at 21 A.A.R. 1830, effective August 19, 2015 for 180 days (Supp. 15-3).

**EMERGENCY RULEMAKING****R15-10-704. Gross Income Tax Return**

- A.** An individual taxpayer that does not have sufficient information to fully complete the Arizona personal income tax return may file a gross income tax return. To file a gross income tax

return, a taxpayer shall complete the form, Arizona Tax Recovery Application – Individual Gross Income Tax Return.

- B. A taxpayer that files a gross income tax return shall use the following table to calculate the tax due. The tax rate is determined by locating the income range of the gross income for the tax year for which recovery is sought. The gross income for the year shall be multiplied by the tax rate listed under the income range for that tax year. For example, for 2004 if gross income is \$50,000, the tax due is \$975 (\$50,000 X .0195).

Tax Year	If The Gross Income Is:			
	\$0 Through-\$39,999	\$40,000 Through \$99,999	\$100,000 Through \$199,999	\$200,000 And Above
	Multiply It By:			
For 2001 and all prior years	.0124	.0196	.0253	.0384
2002	.0120	.0193	.0251	.0383
2003	.0120	.0195	.0254	.0388
2004	.0121	.0195	.0255	.0399
2005	.0120	.0192	.0251	.0401
2006	.0114	.0179	.0234	.0374
2007	.0105	.0167	.0217	.0350
2008	.0102	.0167	.0216	.0336
2009	.0097	.0168	.0217	.0331
2010	.0098	.0171	.0221	.0336
2011	.0099	.0174	.0226	.0343
2012	.0101	.0177	.0228	.0347
2013	.0101	.0178	.0229	.0338

**Historical Note**

New Section made by emergency rulemaking at 17 A.A.R. 1864, effective August 31, 2011 for 180 days (Supp. 11-3). 1 for 180 days (Supp. 11-3). Emergency expired February 27, 2012. New Section made by emergency rulemaking at 21 A.A.R. 1830, effective August 19, 2015 for 180 days (Supp. 15-3).

**R15-10-705. Emergency Expired**

New Section made by emergency rulemaking at 17 A.A.R. 1864, effective August 31, 2011 for 180 days (Supp. 11-3). Emergency expired February 27, 2012 (Supp. 15-3).

**EMERGENCY RULEMAKING**

**R15-10-706. Application of Payments and Credits**

- A. Payments received pursuant to a tax recovery application shall be applied to the tax periods on the application. Partial payment for a tax period will be applied to the tax liability starting with the oldest tax period and progressing chronologically until all the payments have been applied, but will not entitle the taxpayer to the benefits under the Tax Recovery Program. The taxpayer will remain subject to the full penalty and interest.
- B. Tax periods for which the taxpayer is entitled to a refund or credit may be included on a tax recovery application. The credit shall be applied to other tax periods included in the application in the order described in subsection (A).
- C. For purposes of determining the total tax due from a taxpayer applying for tax recovery, credits from overpayment of other tax periods shall be applied as if a payment had been received on the fifteenth day of April of the year following the calendar year of the tax period of the overpayment. For example, a taxpayer has an overpayment of income tax for calendar year 2004 and an under payment of income tax for calendar year 2005. The credit from the overpayment in 2004 will be applied to the 2005 liability as if it were a payment made on April 15, 2005.
- D. No refund shall be given to a taxpayer for payments made or credits applied prior to September 1, 2015 for any tax periods included in a tax recovery application. If a credit for overpayment in one or more of the tax periods contained in a tax recovery application exceeds the total tax liabilities for all other tax periods contained in the application, the amount due shall be reduced to zero but no refund shall be paid.

**Historical Note**

New Section made by emergency rulemaking at 17 A.A.R. 1864, effective August 31, 2011 for 180 days (Supp. 11-3). Emergency expired February 27, 2012. New Section made by emergency rulemaking at 21 A.A.R. 1830, effective August 19, 2015 for 180 days (Supp. 15-3).