

## **ARIZONA GENERAL TAX PROCEDURE GTP 96-1**

(This Procedure Supersedes and Rescinds GTP 92-1)

This Tax Procedure is released to provide guidance regarding the Department of Revenue's issuance of Tax Rulings and Tax Procedures.

### **PURPOSE OF TAX RULINGS AND TAX PROCEDURES:**

The purpose of Tax Rulings and Tax Procedures is to provide interpretive and procedural guidance to department personnel and the general public. Tax Rulings and Tax Procedures are intended to encompass interpretive issues of law and taxpayer procedures not adequately covered in statute, case law or administrative rules for all state taxes administered by the department except property taxes. Internal enforcement guidelines and internal policy statements will no longer be issued.

### **DEFINITIONS:**

#### **Tax Rulings**

A "Tax Ruling" is a public written statement of the department's position interpreting the Arizona tax law and applying the law to a specific set of facts or a particular tax situation. It is a position statement which provides interpretation, details or supplementary information concerning the application of law. These are similar to IRS Revenue Rulings. Only written statements designated as "Tax Rulings" and signed by the director shall be treated as such.

#### **Tax Procedures**

A "Tax Procedure" is a public written statement issued by the department to assist in the implementation of tax laws, administrative rules, tax rulings,

etc., by delineating procedures to be followed in order to achieve compliance. Just as a Tax Ruling considers substantive issues related to taxation, a Tax Procedure deals with the mechanics or "how to" of tax issues. These are similar to IRS Revenue Procedures. Only written statements designated as "Tax Procedures" and signed by the director shall be treated as such.

### **HOW TAX RULINGS AND TAX PROCEDURES WILL BE ISSUED:**

Taxpayers and Department of Revenue assistant directors may request that the Department of Revenue, Tax Research & Analysis Section (Tax Research), evaluate an issue of law or procedure for purposes of issuing a Tax Ruling or Tax Procedure.

Tax Research will continually evaluate the tax statutes, department administrative rules, Hearing Officer decisions, Director's decisions, private taxpayer rulings, and information letters for issues warranting substantive or procedural guidance. On such issues Tax Research may initiate a Tax Ruling or a Tax Procedure without a request.

### **RELIANCE ON TAX RULING OR TAX PROCEDURE:**

A taxpayer may rely on a Tax Ruling or Tax Procedure unless it has been revoked or modified, retroactively or prospectively, by legislation, adopted administrative rules, court decisions or subsequent rulings or procedures which expressly revoke or modify the former Tax Ruling or Tax Procedure.

If a Tax Ruling or Tax Procedure is directly applicable to a taxpayer's situation, following the guidance in the Tax Ruling or Tax Procedure will be determined by the department to constitute "reasonable cause" if the Tax Ruling or Tax Procedure is later determined to be incorrect. Such "reasonable cause" shall call for the abatement of all penalties and interest associated with following the Tax Ruling or Tax Procedure.

**NUMBERING AND INDEXING:**

The system for numbering Tax Rulings shall be as follows: "\_\_\_\_R 92-3" with the blank space "\_\_\_\_" replaced by the tax type (e.g., CTR is a Corporate Tax Ruling). The first number is the year of issue (92), while the last number (3) is assigned sequentially as rulings are issued during the year.

The system for numbering Tax Procedures shall be the same as for Tax Rulings except "\_\_\_\_R" will be replaced with "\_\_P" (e.g., CTP is a Corporate Tax Procedure).

Tax Research shall maintain a table of contents of Tax Rulings and Tax Procedures for use by department personnel and the general public.

Harold Scott, Director

Date Signed May 10, 1996