

ARIZONA DEPARTMENT OF REVENUE

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ARIZONA GENERAL TAX RULING GTR 02-1

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ISSUE:

What is a controlled subsidiary for purposes of Arizona Revised Statutes § 42-2003?

APPLICABLE LAW:

Chapter 163, of the Laws of 2001, amended Arizona Revised Statutes (A.R.S.) § 42-2003.

A.R.S. § 42-2003(A)(1) states:

Confidential information relating to:

A taxpayer may be disclosed to the taxpayer, its successor in interest or a designee of the taxpayer who is authorized in writing by the taxpayer. A principal corporate officer of a parent corporation may execute a written authorization for a controlled subsidiary.

DISCUSSION:

Under the former law, a principal officer of a parent corporation was not permitted to sign a power of attorney on behalf of all subsidiaries unless that officer was also a principal officer of all the subsidiaries. Under the amended statute, however, a principal officer of a parent corporation may execute a written authorization for a controlled subsidiary designating a person to receive confidential information relating to the controlled subsidiary. A.R.S. § 42-2003(A)(1).

This ruling defines what constitutes a controlled subsidiary for purposes of allowing another corporation to execute an authorization to disclose a controlled subsidiary's

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confidential information to a person who is not a principle officer of the controlled corporation.

RULING:

A controlled subsidiary for purposes of A.R.S. § 42-2003 is defined as more than fifty-percent ownership.

Mark W. Killian, Director

Signed: September 5, 2002

Explanatory Notice

The purpose of a tax ruling is to provide interpretive guidance to the general public and to department personnel. A tax ruling is intended to encompass issues of law that are not adequately covered in statute, case law or administrative rules. A tax ruling is a position statement that provides interpretation, detail, or supplementary information concerning application of the law. Relevant statute, case law, or administrative rules, as well as a subsequent ruling, may modify or negate any or all of the provisions of any tax ruling. See GTP 96-1 for more detailed information regarding documents issued by the Department of Revenue.