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Governor

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Director

ARIZONA GENERAL TAX RULING GTR 05-1

This substantive policy statement is advisory only. A substantive policy statement does not include internal procedural documents that only affect the internal procedures of the agency and does not impose additional requirements or penalties on regulated parties or include confidential information or rules made in accordance with the Arizona administrative procedure act. If you believe that this substantive policy statement does impose additional requirements or penalties on regulated parties you may petition the agency under Arizona Revised Statutes § 41-1033 for a review of the statement.

ISSUE:

Will the Department of Revenue permit income tax return preparers to use an alternative method of signing original returns, amended returns or requests for filing extensions?

APPLICABLE LAW:

Arizona Revised Statutes (A.R.S.) § 42-1101.01 defines a return preparer to mean any person that prepares a return, statement or other document or substantial portion of a return, statement or other document for compensation.

A.R.S. § 42-1105.01 requires a return preparer to sign the prepared return, statement or other document according to the department's administrative rules or tax rulings.

A.R.S. § 42-1125.01.B provides that if a return preparer fails to sign any return, statement or other document, the return preparer shall pay a penalty of fifty dollars unless it is shown that the failure is due to reasonable cause and not due to wilful neglect.

Internal Revenue Code (I.R.C.) § 6061 generally provides that any tax return, statement, or other document must be signed in accordance with forms or regulations prescribed by the Secretary.

Internal Revenue Service Notice 2004-54 provides that the Internal Revenue Service will permit income tax return preparers to sign original returns, amended returns, or requests for filing extension by rubber stamp, mechanical device, or computer software.

DISCUSSION:

For federal income tax purposes, I.R.C. § 6061 generally provides that any tax return, statement, or other document must be signed in accordance with forms or regulations prescribed by the Secretary. With respect to return preparers, the Internal Revenue Service issued Notice 2004-54 to authorize the use of alternative signing methods. Under

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Notice 2004-54, the Internal Revenue Service will permit income tax return preparers to sign original returns, amended returns, or requests for filing extensions by rubber stamp, mechanical device, or computer software.

For Arizona tax filing purposes, return preparers as described in A.R.S. § 42-1101.01 must sign the prepared return according to the department's administrative rules or tax rulings. Therefore, the department may, by tax ruling, permit tax preparers to sign prepared returns using an alternative method of signing.

RULING:

Tax return preparers may use an alternative method of signing original returns, amended returns or requests for filing extensions. A return preparer may sign an original return, an amended return or an extension filing request by rubber stamp, mechanical device, or computer software program. These alternative methods of signing must include either a facsimile of the individual preparer's signature or the individual preparer's printed name. Tax return preparers using one of these alternative means are personally responsible for affixing their signatures to returns or requests for extension.

Tax return preparers who use alternative methods of signing must provide all of the other preparer information that is required on returns and extensions, such as the name, address, relevant employer identification number, and the preparer's individual identification number (social security number or preparer tax identification number).

This ruling applies only to return preparers as defined by A.R.S. § 42-1101.01. This ruling does not alter the signature requirements for any other type of document currently required to be manually signed, such as powers of attorney. In addition, this ruling does not alter the requirement that tax returns or requests for filing extensions be signed by the person (i.e., the taxpayer) making the return or the request by handwritten signature or other authorized means.

Gale Garriott, Deputy Director
for J. Elliott Hibbs, Director

Signed: January 11, 2005

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

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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.