



City of Phoenix
FINANCE DEPARTMENT
TAX DIVISION

Taxpayer Bill of Rights



Privilege License Tax (Sales Tax)

This brochure will inform you, the taxpayer, of your rights under the Model City Tax Code laws. These laws have been adopted by the Phoenix City Council to promote fairness, confidentiality and consistency of application of the privilege (sales) tax laws. To assure that taxpayers are treated fairly and their concerns heard, the city has designated a taxpayer Problem Resolution Officer.

Problem Resolution Officer

The city of Phoenix has established a Problem Resolution Officer with the power to intervene on citizens' behalf to help resolve tax issues and will assist taxpayers in the following ways.

- As an ombudsman for the taxpayer, the Problem Resolution Officer helps businesses obtain easily understandable information on taxes, audits, corrections and appeals.
- Serves as a trouble-shooter and problem solver, assists taxpayers with information on city procedures, answers questions about preparing and filing returns, and responds to complaints.
- Has the authority to issue a taxpayer assistance order, which can:
 1. Stop the actions of the city Tax Collector related to a specific taxpayer, if the Problem Resolution Officer believes that a significant hardship will result to the taxpayer if the proposed action continues.
 2. Release a lien issued under the tax code. Limitations are set on what an assistance order can cover and the order can be rescinded by the City Manager.

The Taxpayer Bill of Rights

This information has been adopted in the Model City Tax Code to define citizens' rights when resolving tax issues with city tax collectors.

General Taxpayer Rights

- Requires that the Tax Collector survey customers and include the evaluation results in the performance appraisal of Tax Collector employees. It also prohibits basing an employee evaluation on how much the employee has assessed or collected in taxes.
- Allows interest charges to be calculated based on the balance due at the end of the month. Except in the case of fraud or tax evasion, penalties generally are capped at 25 percent of the total amount due. Additional consideration must be given to taxpayer explanations of why payment was late. It also expands provisions on waiving or adjusting penalties and defines "negligence" for the purposes of this section.
- Gives the taxpayer a time frame in which to provide requested information before penalties can be assessed.

Taxpayer Assistance

- Allows credits to be claimed for tax, penalties and interest paid in excess of the amount actually due and requires that interest be paid on such refunds from the date the claim is made for the refund. It also expands the grounds on which a refund can be claimed.
- Establishes a process for quick (within 15 days) review of jeopardy assessments.
- Requires reimbursement to a taxpayer for the cost of an administrative hearing if the taxpayer prevails at the hearing on the most significant issue or set of issues and the Tax Collector's position was not substantially justified. The costs are for attorney fees, expert witnesses, etc. and are capped at \$20,000 per case. The taxpayer Problem Resolution Officer will review and determine taxpayer's reimbursable costs up to the maximum, subject to review by a court only.

Tax Collection Rights

- Changes the computation of time for which additional taxes can be assessed and restricts the "no limitation period" to cases in which there was an intent to evade tax or failure or refusal to file a return.
- Limits any additional audits of the same taxpayer for the same time period once an audit is completed and written notice has been sent to the taxpayer of the amount due except under limited circumstances. It also prohibits the increase in any assessment of taxes due unless the taxpayer failed to perform his responsibilities or a court decision has been made which would cause the assessment to increase.
- Allows the city to enter into an agreement for payment of tax due in installment payments. If the Tax Collector refuses to enter into such an agreement, the taxpayer can appeal to the taxpayer Problem Resolution Officer who can reverse or modify the decision.
- Requires the issuance of a Private Taxpayer Ruling upon the written request of a taxpayer and sets up a procedure for issuing such rulings. Also allows taxpayers to rely on rulings issued by the Department of Revenue on a state statute substantially identical to the tax code provisions, unless a city taxpayer ruling has been issued.

- Requires the abatement of penalties and interest if the Tax Collector has distributed incorrect forms or instructions or provided erroneous advice to a taxpayer.

Reliance on Written Information

- Although the city is confident that the verbal responses given by its employees are correct, the city is not bound by that advice. We encourage you to put your questions in writing, and we will answer you in writing. This will reduce the chances of misunderstanding.
- If you underpay your tax as a direct result of your following the written advice we have given you, an instruction on a tax return form or a department tax ruling, you will not have to pay interest or penalties on that tax.