Taxpayer Bill of Rights

This brochure will inform you, the taxpayer, of your rights under Model City Tax Code laws. Adopted by all Arizona cities, the Model City Tax Code is a uniform privilege tax code tailored to fit each of the cities individual needs. The taxpayer bill of rights have been adopted by the Prescott City Council to promote fairness, confidentiality and consistency in the application of the privilege (sales) tax laws.

Taxpayer Problem Resolution Officer

The City of Prescott has designated a Taxpayer Problem Resolution Officer who will assist taxpayers in the following ways.

- The Taxpayer Problem Resolution Officer has the authority to review complaints of inappropriate treatment of a specific taxpayer by City employees.

- Has the authority to issue a taxpayer assistance order, which can:

  - stop the actions of the City Tax Collector relating to a specific taxpayer, if the Taxpayer Problem Resolution Officer believes that a significant hardship will result to the taxpayer if the proposed action continues.

  - 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  Limitations are set on what an assistance order can cover and the order can be rescinded by the City Manager.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 City Tax Collector survey customers and include the evaluation results in the performance appraisal of Tax Collector's 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 on a daily basis. 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

- Requires the City to pay interest on tax refund requests made for tax paid in excess of the amount actually due from the date a valid claim is made for 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. A jeopardy assessment, which requires amounts due to be paid immediately, is made when the City Tax Collector believes that the collection of delinquent taxes is jeopardized by delay.

- 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.

- Upon the written request of a taxpayer, requires the issuance of a Private Taxpayer Ruling which addresses specific cases of taxability 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 private taxpayer ruling has been issued.

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

Reliance on Written Information

- We encourage you to put your questions in writing, and we will answer you in writing. This will reduce the chances of misunderstanding. Although the city is confident that the verbal responses given by its employees are correct, the city is not bound by that advice.

- 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.

City of Prescott
Finance Department
Tax & Licensing Division
201 S. Cortez Street
P O Box 2077
Prescott, AZ 86302

For more information or to obtain a copy of the Tax Code, please contact:

520 776-6268 Taxpayer Assistance Rep
520 776-6231 Privilege Tax Auditor
520 776-6202 Tax & Licensing Manager

If you feel you have not been treated appropriately or that a proposed method of delinquent tax collection will cause you a significant hardship, you may call the Taxpayer Problem Resolution Officer at (520) 776-6347.

TAXPAYER BILL OF RIGHTS

PRESCOTT PRIVILEGE TAX