

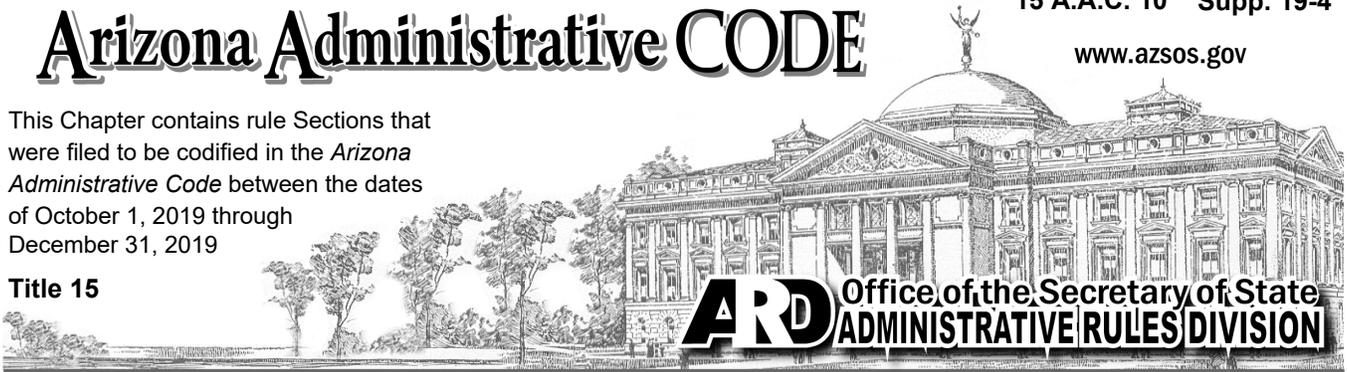
Arizona Administrative CODE

15 A.A.C. 10 Supp. 19-4

www.azsos.gov

This Chapter contains rule Sections that were filed to be codified in the *Arizona Administrative Code* between the dates of October 1, 2019 through December 31, 2019

Title 15



TITLE 15. REVENUE

CHAPTER 10. DEPARTMENT OF REVENUE - GENERAL ADMINISTRATION

The table of contents on the first page contains quick links to the referenced page numbers in this Chapter. Refer to the notes at the end of a Section to learn about the history of a rule as it was published in the *Arizona Administrative Register*.

Sections, Parts, Exhibits, Tables or Appendices codified in this supplement. The list provided contains quick links to the updated rules.

[R15-10-502. Recordkeeping Requirements 10](#) [R15-10-503. Electronic Signatures for Income Tax Returns ... 10](#)

Questions about these rules? Contact:

Name: Rory Wilson
Address: Department of Revenue
1600 W. Monroe
Phoenix, AZ 85007
Telephone: (602) 716-6471
Fax: (602) 716-7996
E-mail: rwilson@azdor.gov
Website: www.azdor.gov

The release of this Chapter in Supp. 19-4 replaces Supp. 19-3, 1-13 pages

Please note that the Chapter you are about to replace may have rules still in effect after the publication date of this supplement. Therefore, all superseded material should be retained in a separate binder and archived for future reference.

PREFACE

Under Arizona law, the Department of State, Office of the Secretary of State (Office), accepts state agency rule filings and is the publisher of Arizona rules. The Office of the Secretary of State does not interpret or enforce rules in the *Administrative Code*. Questions about rules should be directed to the state agency responsible for the promulgation of the rule.

Scott Cancelosi, Director
ADMINISTRATIVE RULES DIVISION

RULES

The definition for a rule is provided for under A.R.S. § 41-1001. “‘Rule’ means an agency statement of general applicability that implements, interprets, or prescribes law or policy, or describes the procedures or practice requirements of an agency.”

THE ADMINISTRATIVE CODE

The *Arizona Administrative Code* is where the official rules of the state of Arizona are published. The *Code* is the official codification of rules that govern state agencies, boards, and commissions.

The *Code* is separated by subject into titles. Titles are divided into chapters. A chapter includes state agency rules. Rules in chapters are divided into Articles, then Sections. The “R” stands for “rule” with a sequential numbering and lettering outline separated into subsections.

Rules are codified quarterly in the *Code*. Supplement release dates are printed on the footers of each chapter.

First Quarter: January 1 - March 31

Second Quarter: April 1 - June 30

Third Quarter: July 1 - September 30

Fourth Quarter: October 1 - December 31

For example, the first supplement for the first quarter of 2019 is cited as Supp. 19-1.

Please note: The Office publishes by chapter, not by individual rule section. Therefore there might be only a few sections codified in each chapter released in a supplement. Historical notes at the end of a section provide an effective date and information when a rule was last updated.

AUTHENTICATION OF PDF CODE CHAPTERS

The Office began to authenticate chapters of the *Administrative Code* in Supp. 18-1 to comply with A.R.S. § 41-1012(B) and A.R.S. § 5302(1), (2)(d) through (e), and (3)(d) through (e).

A certification verifies the authenticity of each *Code* chapter posted as it is released by the Office of the Secretary of State. The authenticated pdf of the *Code* includes an integrity mark with a certificate ID. Users should check the validity of the signature, especially if the pdf has been downloaded. If the digital signature is invalid it means the document’s content has been compromised.

HOW TO USE THE CODE

Rules may be in effect before a supplement is released by the Office. Therefore, the user should refer to issues of the *Arizona Administrative Register* for recent updates to rule Sections.

ARIZONA REVISED STATUTE REFERENCES

The Arizona Revised Statutes (A.R.S.) are available online at the Legislature’s website, www.azleg.gov. An agency’s authority

note to make rules is often included at the beginning of a chapter. Other Arizona statutes may be referenced in rule under the A.R.S. acronym.

SESSION LAW REFERENCES

Arizona Session Law references in a chapter can be found at the Secretary of State’s website, under Services-> Legislative Filings.

EXEMPTIONS FROM THE APA

It is not uncommon for an agency to be exempt from the steps outlined in the rulemaking process as specified in the Arizona Administrative Procedures Act, also known as the APA (Arizona Revised Statutes, Title 41, Chapter 6, Articles 1 through 10). Other agencies may be given an exemption to certain provisions of the Act.

An agency’s exemption is written in law by the Arizona State Legislature or under a referendum or initiative passed into law by Arizona voters.

When an agency files an exempt rulemaking package with our Office it specifies the law exemption in what is called the preamble of rulemaking. The preamble is published in the *Register* online at www.azsos.gov/rules, click on the *Administrative Register* link.

Editor’s notes at the beginning of a chapter provide information about rulemaking sections made by exempt rulemaking. Exempt rulemaking notes are also included in the historical note at the end of a rulemaking Section.

The Office makes a distinction to certain exemptions because some rules are made without receiving input from stakeholders or the public. Other exemptions may require an agency to propose exempt rules at a public hearing.

EXEMPTIONS AND PAPER COLOR

At one time the office published exempt rules on either blue or green paper. Blue meant the authority of the exemption was given by the Legislature; green meant the authority was determined by a court order. In 2001 the Office discontinued publishing rules using these paper colors.

PERSONAL USE/COMMERCIAL USE

This chapter is posted as a public courtesy online, and is for private use only. Those who wish to use the contents for resale or profit should contact the Office about Commercial Use fees. For information on commercial use fees review A.R.S. § 39-121.03 and 1 A.A.C. 1, R1-1-113.

Rhonda Paschal, managing rules editor, assisted with the editing of this chapter.



Administrative Rules Division
The Arizona Secretary of State electronically publishes each A.A.C. Chapter with a digital certificate. The certificate-based signature displays the date and time the document was signed and can be validated in Adobe Acrobat Reader.

TITLE 15. REVENUE

CHAPTER 10. DEPARTMENT OF REVENUE - GENERAL ADMINISTRATION

(Authority: A.R.S. § 42-105)

ARTICLE 1. APPEAL PROCEDURES

Section
R15-10-101. Definitions 2
R15-10-102. Scope of Article 1 2
R15-10-103. Taxpayer Hearing Rights 2
R15-10-104. Repealed 2
R15-10-105. Petition 2
R15-10-106. Incomplete Petition 3
R15-10-107. Timeliness of Petition 3
R15-10-108. Expired 3
R15-10-109. Expired 3
R15-10-110. Withdrawal of Petition 3
R15-10-111. Repealed 3
R15-10-112. Renumbered 3
R15-10-113. Renumbered 3
R15-10-114. Renumbered 3
R15-10-115. Request for Hearings; Waiver 3
R15-10-116. Hearing Procedure 4
R15-10-117. Evidence 4
R15-10-118. Expired 4
R15-10-119. Stipulation of Facts 4
R15-10-120. Official Notice 4
R15-10-121. Subpoena by Petitioner 4
R15-10-122. Transcripts and Records 4
R15-10-131. Review of Decision of the Hearing Officer or ALJ 5
R15-10-132. Appeal of the Final Order of the Department of Revenue 5

ARTICLE 2. ADMINISTRATION

Section
R15-10-201. Closing Agreements Relating to Tax Liability 6
R15-10-202. Expired 6

ARTICLE 3. AUTHORIZED TRANSMISSION OF FUNDS

Article 3, consisting of Sections R15-10-301 through R15-10-307, adopted effective July 30, 1993 (Supp. 93-3).

Section
R15-10-301. Definitions 6
R15-10-302. General Requirements 6
R15-10-303. Voluntary Participation 7
R15-10-304. Authorization Agreement 7
R15-10-305. Methods of Electronic Funds Transfer 7
R15-10-306. Procedures for Payment 8
R15-10-307. Timely Payment 8

ARTICLE 4. REIMBURSEMENT OF FEES AND OTHER COSTS RELATED TO AN ADMINISTRATIVE PROCEEDING

Article 4, consisting of Sections R15-10-401 through R15-10-404, adopted effective March 13, 1998 (Supp. 98-1).

Section
R15-10-401. Application for Reimbursement of Fees and Other Costs Related to an Administrative Proceeding .. 8
R15-10-402. Documentation of Payment of Fees and Other Costs 9

R15-10-403. Filing an Application9
R15-10-404. Decisions9

ARTICLE 5. ELECTRONIC FILING PROGRAM

Section
R15-10-501. Definitions9
R15-10-502. Recordkeeping Requirements10
R15-10-503. Electronic Signatures for Income Tax Returns....10
R15-10-504. Electronic Signatures for Withholding Tax10
R15-10-505. Electronic Signatures for Transaction Privilege and Use Tax11
R15-10-506. Transaction Privilege and Use Tax Electronic File Bulk Transmitters11

ARTICLE 6. EMERGENCY EXPIRED

Article 6, consisting of Sections R15-10-602 through R15-10-607, emergency expired effective October 27, 2009 (Supp. 09-4).

Article 6, consisting of Sections R15-10-602 through R15-10-607, made by emergency rulemaking at 15 A.A.R. 825, effective April 30, 2009 for a period of 180 days (Supp. 09-2).

Article 6, consisting of Sections R15-10-602 through R15-10-607, emergency expired effective March 20, 2004 (Supp. 09-2).

Article 6, consisting of Sections R15-10-602 through R15-10-607, made by emergency rulemaking at 9 A.A.R. 4443, effective September 22, 2003 for a period of 180 days (Supp. 03-3).

Section
R15-10-601. Emergency Expired12
R15-10-602. Emergency Expired12
R15-10-603. Emergency Expired12
R15-10-604. Emergency Expired12
R15-10-605. Emergency Expired12
R15-10-606. Emergency Expired12
R15-10-607. Emergency Expired12

ARTICLE 7. EMERGENCY EXPIRED

Article 7, consisting of Sections R15-10-702 through R15-10-705, made by emergency rulemaking at 21 A.A.R. 2621, effective August 29, 2016, for 180 days (Supp. 16-3). Emergency expired (Supp. 17-2).

Article 7, consisting of Sections R15-10-702 through R15-10-704, and R15-10-706 made by emergency rulemaking at 21 A.A.R. 1243, effective August 19, 2015, for 180 days (Supp. 15-3). Emergency expired (Supp. 16-1).

Article 7, consisting of Sections R15-10-702 through R15-10-706, made by emergency rulemaking at 17 A.A.R. 1864, effective August 31, 2011, for 180 days (Supp. 11-3). Emergency expired.

Section
R15-10-701. Reserved12
R15-10-702. Emergency Expired12
R15-10-703. Emergency Expired12
R15-10-704. Emergency Expired12
R15-10-705. Emergency Expired12
R15-10-706. Emergency Expired13

CHAPTER 10. DEPARTMENT OF REVENUE - GENERAL ADMINISTRATION

ARTICLE 1. APPEAL PROCEDURES**R15-10-101. Definitions**

For purposes of this Article:

1. "ALJ" means an administrative law judge who issues decisions on behalf of the Office of Administrative Hearings established by A.R.S. § 41-1092.01.
2. "Day" means a calendar day. If the last day for filing a document under the provisions of this Article falls on a Saturday, Sunday, or legal holiday, the document is considered timely if filed on the following business day.
3. "Department" means the Arizona Department of Revenue as represented by personnel of the applicable section or area.
4. "Notice" means a written notification, issued by the Department, of a tax assessment, refund denial, or any other action taken or proposed to be taken that is subject to appeal as a contested case or an appealable agency action under A.R.S. Title 41, Chapter 6.
5. "Petition" means a written request for hearing, correction, or redetermination, including all applicable attachments.
6. "Petitioner" means the taxpayer or the representative of the taxpayer who files a petition.
7. "Refund denial" means a taxpayer's claim for a refund of tax, penalty, interest, or refundable credit that has been denied by the Department.
8. "Tax assessment" means any tax issue whether associated with a proposed amount due or the application of penalties and interest.

Historical Note

Adopted effective June 22, 1981 (Supp. 81-3). Section repealed, new Section adopted effective December 23, 1993 (Supp. 93-4). Amended effective January 20, 1998 (Supp. 98-1).

R15-10-102. Scope of Article 1

A Department hearing officer shall conduct all hearings regarding the taxes under A.R.S. § 42-1101, unless A.R.S. § 41-1092.02 requires that an ALJ hear the matter.

Historical Note

Adopted effective June 22, 1981 (Supp. 81-3). Section repealed, new Section adopted effective December 23, 1993 (Supp. 93-4). Section repealed, new Section adopted effective January 20, 1998 (Supp. 98-1). Amended by final rulemaking at 7 A.A.R. 2900, effective June 13, 2001 (Supp. 01-2).

R15-10-103. Taxpayer Hearing Rights

With respect to a protest hearing, the taxpayer has the right, subject to confidentiality laws, to:

1. Review documents applicable to the protest, or
2. Obtain from the Department copies of documents relevant to the taxpayer at the discretion of the Hearing Officer.

Historical Note

Adopted effective June 22, 1981 (Supp. 81-3). Former Section R15-10-103 renumbered to R15-10-105, new Section R15-10-103 adopted effective December 23, 1993 (Supp. 93-4).

R15-10-104. Repealed**Historical Note**

Adopted effective June 22, 1981 (Supp. 81-3). Repealed effective December 23, 1993 (Supp. 93-4).

R15-10-105. Petition

- A. A taxpayer may protest a tax assessment or a refund denial by filing a petition that includes the following:
 1. The taxpayer's name, address, federal identification number, and all applicable state identification numbers;
 2. An explanation of the difference between the taxpayer's name in the notice and the taxpayer's name in the petition, if applicable;
 3. The last known name and address of both individuals if the petition concerns a married-filing-joint return;
 4. A copy of the notice or a statement that references the:
 - a. Tax type,
 - b. Tax period involved,
 - c. The amount of the tax assessment or refund claimed including tax, penalties, interest, and refundable credits, and
 - d. The jurisdiction or jurisdictions to which the tax assessment or refund denial relates.
 5. A statement of the amount of the tax assessment or refund denial being protested;
 6. A statement of any alleged error committed by the Department in determining the tax assessment or refund denial being protested;
 7. A statement of facts and legal arguments upon which the taxpayer relies to support the petition;
 8. The relief sought;
 9. The payment for all unprotested amounts of tax, interest, and penalties; and
 10. The petitioner's signature.
- B. A taxpayer may protest a matter other than a tax assessment or refund denial by filing a petition that includes the following:
 1. The taxpayer's name, address, federal identification number, and all applicable state identification numbers;
 2. An explanation of the difference between the taxpayer's name in the notice and the taxpayer's name in the petition, if applicable;
 3. A copy of the notice or a statement describing the Department's action, proposed action, or determination for which a hearing is sought;
 4. A statement of any alleged error committed by the Department in its action, including the jurisdiction or jurisdictions to which the alleged error relates;
 5. A statement of facts and legal arguments upon which the taxpayer relies to support the petition;
 6. The relief sought; and
 7. The petitioner's signature.
- C. The petitioner shall file the petition by:
 1. Mailing the petition to the applicable section at the Department of Revenue headquarters in Phoenix, Arizona; or
 2. Hand-delivering the petition to the applicable section at the Department of Revenue headquarters in Phoenix, Arizona. A petitioner who hand-delivers a petition shall clearly mark the envelope to indicate that it is a petition. The Department shall provide a receipt to a petitioner who hand-delivers a petition.
- D. The Department shall not charge a fee for filing a petition or any supporting documents.

Historical Note

Adopted effective June 22, 1981 (Supp. 81-3). Former Section R15-10-105 renumbered to R15-10-107, new Section R15-10-105 renumbered from R15-10-103 and amended effective December 23, 1993 (Supp. 93-4). Amended effective January 20, 1998 (Supp. 98-1). Amended by final rulemaking at 7 A.A.R. 2900, effective June 13, 2001 (Supp. 01-2). Amended by exempt rulemaking under Laws 2014, Ch. 263, § 25 at 22 A.A.R.

CHAPTER 10. DEPARTMENT OF REVENUE - GENERAL ADMINISTRATION

116, effective January 7, 2016 (Supp. 16-1).

R15-10-106. Incomplete Petition

- A.** The Department hearing officer may dismiss a petition for a hearing that does not contain all of the information required by R15-10-105, unless the petitioner completes the petition within the time allowed to file the petition under R15-10-107, including any extension.
- B.** The Department hearing officer may, on a showing of good cause by the petitioner, grant additional time to complete a timely-filed petition.

Historical Note

Adopted effective June 22, 1981 (Supp. 81-3). Section repealed, new Section adopted effective December 23, 1993 (Supp. 93-4). Amended by final rulemaking at 7 A.A.R. 2900, effective June 13, 2001 (Supp. 01-2).

R15-10-107. Timeliness of Petition

- A.** A petition regarding taxes other than individual income tax is timely filed with the Department if it is filed as prescribed by R15-10-105(A) within 45 days after the taxpayer receives the tax assessment or refund denial from the Department.
- B.** A petition for an individual income tax assessment or refund denial is timely filed with the Department if it is filed as prescribed by R15-10-105(A) within 90 days after the Department mails a notice to the taxpayer.
- C.** A petition or an extension request filed by mail is considered filed on the date shown by its U.S. Postal Service postmark.
- D.** A taxpayer or the taxpayer's representative may request that the Hearing Office grant an extension of time to file a petition.
1. The taxpayer or the taxpayer's representative shall submit an extension request before the expiration of the time allowed for filing the petition in subsection (A) or subsection (B). The request shall be in writing and shall show good cause for the extension. The Department may grant additional time not to exceed 60 days at the discretion of the Hearing Office or on stipulation of the parties.
 2. If the Hearing Office does not grant the request for an extension in writing, the petition is due on the date specified in subsection (A) or (B).
- E.** The Hearing Office shall dismiss a petition which the Hearing Office determines is not timely filed.
- F.** If the taxpayer does not file a petition protesting a deficiency assessment within the time prescribed, the taxpayer may, after paying the tax assessment in full, apply for a refund according to statutory provisions.

Historical Note

Adopted effective June 22, 1981 (Supp. 81-3). Former Section R15-10-107 renumbered to R15-10-109, new Section R15-10-107 renumbered from R15-10-105 and amended effective December 23, 1993 (Supp. 93-4). Amended effective January 20, 1998 (Supp. 98-1).

R15-10-108. Expired**Historical Note**

Adopted effective June 22, 1981 (Supp. 81-3). Former Section R15-10-108 renumbered to R15-10-110, new Section R15-10-108 adopted effective December 23, 1993 (Supp. 93-4). Section expired under A.R.S. § 41-1056(J) at 21 A.A.R. 1197, effective July 7, 2015 (Supp. 15-3).

R15-10-109. Expired**Historical Note**

Adopted effective June 22, 1981 (Supp. 81-3). Former Section R15-10-109 renumbered to R15-10-115, new

Section R15-10-109 renumbered from R15-10-107 and amended effective December 23, 1993 (Supp. 93-4). Amended effective January 20, 1998 (Supp. 98-1). Section expired under A.R.S. § 41-1056(J) at 21 A.A.R. 1197, effective July 7, 2015 (Supp. 15-3).

R15-10-110. Withdrawal of Petition

- A.** The petitioner may submit a written request to withdraw a petition at any time before the Department hearing officer issues a written decision.
- B.** If the Department and the petitioner resolve the matters protested before the hearing, the parties shall submit a written agreement or stipulation to the hearing officer, and the hearing officer shall deem the petition withdrawn.
- C.** The hearing officer shall issue an order that the petition is withdrawn and that the matter is closed at the hearing office.

Historical Note

Adopted effective June 22, 1981 (Supp. 81-3). Former Section R15-10-110 repealed, new Section R15-10-110 renumbered from R15-10-108 and amended effective December 23, 1993 (Supp. 93-4). Amended by final rulemaking at 7 A.A.R. 2900, effective June 13, 2001 (Supp. 01-2).

R15-10-111. Repealed**Historical Note**

Adopted effective June 22, 1981 (Supp. 81-3). Section repealed effective December 23, 1993 (Supp. 93-4).

R15-10-112. Renumbered**Historical Note**

Adopted effective June 22, 1981 (Supp. 81-3). Former Section R15-10-112 renumbered to R15-10-116 effective December 23, 1993 (Supp. 93-4).

R15-10-113. Renumbered**Historical Note**

Adopted effective June 22, 1981 (Supp. 81-3). Former Section R15-10-113 renumbered to R15-10-119 effective December 23, 1993 (Supp. 93-4).

R15-10-114. Renumbered**Historical Note**

Adopted effective June 22, 1981 (Supp. 81-3). Former Section R15-10-114 renumbered to R15-10-117 effective December 23, 1993 (Supp. 93-4).

R15-10-115. Request for Hearings; Waiver

- A.** The hearing officer shall schedule an oral hearing upon request of the petitioner or the Department. If neither the petitioner nor the Department requests an oral hearing, the hearing officer shall:
1. Consider the petition submitted for decision based on the petition and any memoranda filed, or
 2. Schedule an oral hearing.
- B.** The hearing officer may, for good cause shown by any party to the hearing, postpone, recess, or continue an oral hearing to a specified date, time, and place. The hearing officer shall notify all the parties regarding a rescheduled hearing.
- C.** If any party to the hearing fails to appear at the oral hearing without good cause, the hearing officer may:
1. Proceed with the hearing,
 2. Reschedule the hearing, or
 3. Issue a decision based on the petition and memoranda provided.

CHAPTER 10. DEPARTMENT OF REVENUE - GENERAL ADMINISTRATION

Historical Note

Adopted effective June 22, 1981 (Supp. 81-3). Former Section R15-10-115 renumbered to R15-10-120, new Section R15-10-115 renumbered from R15-10-109 and amended effective December 23, 1993 (Supp. 93-4). Amended by final rulemaking at 7 A.A.R. 2900, effective June 13, 2001 (Supp. 01-2).

R15-10-116. Hearing Procedure

- A.** The hearing officer may hold hearings:
1. In person,
 2. By telephone,
 3. By the submission of memoranda, or
 4. By a combination of these methods.
- B.** For hearings by memoranda, the hearing officer shall prescribe a schedule for the submission of the memoranda.
- C.** The hearing officer may:
1. Conduct the hearing in an informal manner,
 2. Accept a stipulation of facts,
 3. Allow any party in the hearing to make an opening statement,
 4. Allow each party to state its position and present evidence,
 5. Allow each party to reply to any statements or arguments, and
 6. Allow any party to make closing statements or arguments.
- D.** The hearing officer may remand any matter to the applicable section of the Department at the request of either party or at the hearing officer's discretion.

Historical Note

Adopted effective June 22, 1981 (Supp. 81-3). Former Section R15-10-116 renumbered to R15-10-121, new Section R15-10-116 renumbered from R15-10-112 and amended effective December 23, 1993 (Supp. 93-4). Amended by final rulemaking at 7 A.A.R. 2900, effective June 13, 2001 (Supp. 01-2).

R15-10-117. Evidence

- A.** Each party to a hearing may:
1. Call and examine witnesses,
 2. Introduce exhibits,
 3. Cross-examine opposing witnesses on any matter relevant to the issues even though the matter was not covered in the direct examination,
 4. Dispute the testimony of any witness regardless of which party first called the witness to testify, and
 5. Challenge the evidence presented.
- B.** The Hearing Officer shall admit any relevant evidence, but shall consider objections to the admission of and comments on the weakness of evidence in assigning weight to the evidence. The Hearing Officer may deny admission of evidence that the Hearing Officer considers irrelevant, immaterial, or unduly repetitious.
- C.** A party may substitute an exact copy of an original exhibit.
- D.** The Hearing Officer may call anyone at the hearing to testify.

Historical Note

Adopted effective June 22, 1981 (Supp. 81-3). Former Section R15-10-117 renumbered to R15-10-118, new Section R15-10-117 renumbered from R15-10-114 and amended effective December 23, 1993 (Supp. 93-4). Amended effective January 20, 1998 (Supp. 98-1).

R15-10-118. Expired**Historical Note**

Adopted effective June 22, 1981 (Supp. 81-3). Former

Section R15-10-118 renumbered to R15-10-122, new Section R15-10-118 renumbered from R15-10-117 and amended effective December 23, 1993 (Supp. 93-4). Section expired under A.R.S. § 41-1056(J) at 21 A.A.R. 1197, effective July 7, 2015 (Supp. 15-3).

R15-10-119. Stipulation of Facts

The petitioner and the Department may file a stipulation of facts stating:

1. The facts upon which they agree,
2. The facts that are in dispute, and
3. The reasons for the dispute.

Historical Note

Adopted effective June 22, 1981 (Supp. 81-3). Amended effective July 24, 1986 (Supp. 86-4). Former Section R15-10-119 renumbered to R15-10-130, new Section R15-10-119 renumbered from R15-10-113 and amended effective December 23, 1993 (Supp. 93-4). Amended by final rulemaking at 7 A.A.R. 2900, effective June 13, 2001 (Supp. 01-2).

R15-10-120. Official Notice

The Department hearing officer may take official notice of the following:

1. The records that the Department maintains,
2. Tax returns filed with the Department for or on behalf of the taxpayer or any affiliated person together with related records on file with the Department, or
3. A fact that is generally known in this state or that is capable of accurate and ready determination by reference to a source whose accuracy cannot reasonably be questioned.

Historical Note

Adopted effective June 22, 1981 (Supp. 81-3). Former Section R15-10-120 repealed, new Section R15-10-120 adopted effective July 24, 1986 (Supp. 86-4). Former Section R15-10-120 renumbered to R15-10-131, new Section R15-10-120 renumbered from R15-10-115 and amended effective December 23, 1993 (Supp. 93-4). Amended by final rulemaking at 7 A.A.R. 2900, effective June 13, 2001 (Supp. 01-2).

R15-10-121. Subpoena by Petitioner

- A.** A petitioner requesting a subpoena shall apply, to the Hearing Officer submitting a proposed subpoena at least 10 days before the hearing.
- B.** The Hearing Office shall not issue a subpoena for confidential or privileged information.

Historical Note

Adopted effective June 22, 1981 (Supp. 81-3). Former Section R15-10-121 repealed, new Section R15-10-121 adopted effective July 24, 1986 (Supp. 86-4). Former Section R15-10-121 renumbered to Section R15-10-132, new Section R15-10-121 renumbered from R15-10-116 and amended effective December 23, 1993 (Supp. 93-4). Amended effective January 20, 1998 (Supp. 98-1).

R15-10-122. Transcripts and Records

- A.** The hearing officer shall record all oral hearings. Upon request of any party to the hearing, the hearing office shall provide a copy of the recording of the hearing, without charge, to the requesting party.
- B.** A party to an oral hearing may:
1. Transcribe the hearing at the party's own expense; and
 2. Cite a transcript in any proceeding, if the party provides a full copy of the transcript to the opposing party and the hearing officer.

CHAPTER 10. DEPARTMENT OF REVENUE - GENERAL ADMINISTRATION

- C. The petitioner shall not remove the records and files of the Department from the Department for use as evidence or other purposes. The Department shall, as permitted by law, provide a certified copy of Department records and files as requested by the petitioner for use in the proceedings. The Department shall provide the copy at a reasonable charge not to exceed the commercial rate for the service.

Historical Note

Renumbered from R15-10-118 and amended effective December 23, 1993 (Supp. 93-4). Amended by final rulemaking at 7 A.A.R. 2900, effective June 13, 2001 (Supp. 01-2). Amended by final rulemaking at 15 A.A.R. 2140, effective January 30, 2010 (Supp. 09-4).

R15-10-123. Reserved

R15-10-124. Reserved

R15-10-125. Reserved

R15-10-126. Reserved

R15-10-127. Reserved

R15-10-128. Reserved

R15-10-129. Reserved

R15-10-130. Decisions and Orders

- A. The Hearing Officer shall issue a written decision, which sets forth the reasons for the decision, after reviewing the evidence submitted by the petitioner and the Department.
- B. A decision dismissing a petition as incomplete or not timely filed shall be based on the Hearing Officer's review of the petition, documents available, and any information officially noticed.
- C. The Hearing Office shall mail the decision of the Hearing Officer, by certified mail, to the last known address of the taxpayer. The Hearing Office shall immediately forward a copy of the decision to the applicable section in the Department of Revenue and to the Director.

Historical Note

Renumbered from R15-10-119 and amended effective December 23, 1993 (Supp. 93-4). Amended effective January 20, 1998 (Supp. 98-1).

R15-10-131. Review of Decision of the Hearing Officer or ALJ

- A. The decision of the Hearing Officer or ALJ is the final order of the Department of Revenue 30 days after the taxpayer receives the decision unless prior to that time:
1. The petitioner or the Department petitions the Director to review the decision, or
 2. The Director independently determines that the decision requires review.
- B. The Director may grant an extension of time for filing a petition for review on a showing of good cause, if the request for an extension is in writing and is filed with the Director before the expiration of the 30-day period prescribed in subsection (A).
- C. A petition or an extension request filed by mail is considered filed on the date shown by the U.S. Postal Service postmark.
- D. The Director may grant a review of the decision of the Hearing Officer or ALJ if one of the parties asserts that any of the following causes has materially affected the party's rights:
1. The findings of fact, conclusions of law, order, or decision are not supported by the evidence or are contrary to law;

2. The party seeking review was deprived of a fair hearing due to irregularity in the proceedings, abuse of discretion, or misconduct of the prevailing party;
 3. Accident or surprise which could not have been prevented by ordinary prudence;
 4. Material evidence which has been newly discovered;
 5. Error in admission or rejection of evidence or other errors of law occurring at the hearing or during the progress of the action; or
 6. That the decision is the result of bias or prejudice.
- E. The Director may independently determine to review a decision of the Hearing Officer or ALJ if it appears that any of the causes listed in subsection (D) may have materially affected a party's rights.
- F. The petition for review of the Hearing Officer's or ALJ's decision shall be in writing, shall state the grounds upon which the petition is based, and the Director may grant leave to amend the petition at any time before it is ruled upon by the Director. At the time of filing, the petitioning party shall also serve a copy of the petition on the other party.
- G. If the Director has independently determined that the decision requires review, the Director shall send, by certified mail, notification of intent to review to the taxpayer, not more than 30 days after the taxpayer's receipt of the Hearing Officer's or ALJ's decision.
- H. On petition for review, or on the Director's independent review:
1. The Director may open the decision of the Hearing Officer or ALJ, take additional evidence, amend findings of fact and conclusions of law, or make new findings and conclusions, and issue a new decision;
 2. The Director may issue a decision that summarily affirms the decision of the Hearing Officer or ALJ; or
 3. The Director may remand any matter to the Hearing Office, the Office of Administrative Hearings, or the appropriate section or area of the Department at the request of either party or at the Director's discretion.
- I. The Director's decision shall be sent by certified mail to the taxpayer, at the taxpayer's last known address.
- J. The taxpayer may appeal a Director's decision or a decision that is final according to subsection (A) to the State Board of Tax Appeals or tax court under R15-10-132.

Historical Note

Renumbered from R15-10-120 and amended effective December 23, 1993 (Supp. 93-4). Amended effective October 11, 1995 (Supp. 95-4). Amended effective January 20, 1998 (Supp. 98-1).

R15-10-132. Appeal of the Final Order of the Department of Revenue

- A. Within 30 days of the date an order of the Department becomes final, a taxpayer disputing the final order of the Department of Revenue may:
1. File an appeal with the State Board of Tax Appeals, or
 2. Bring an action in tax court, unless the case involves an individual income tax dispute of less than \$5,000.
- B. If the Director is reviewing the Hearing Officer's or ALJ's decision under R15-10-131, such review by the Director shall be completed before an appeal can be taken to the State Board of Tax Appeals or an action can be brought in tax court.

Historical Note

Renumbered from R15-10-121 and amended effective December 23, 1993 (Supp. 93-4). Amended effective January 20, 1998 (Supp. 98-1).

CHAPTER 10. DEPARTMENT OF REVENUE - GENERAL ADMINISTRATION

ARTICLE 2. ADMINISTRATION**R15-10-201. Closing Agreements Relating to Tax Liability**

- A. A closing agreement under A.R.S. § 42-1113 or A.R.S. § 42-2056 may relate to any taxable period.
1. The Department and a taxpayer may enter into a closing agreement for:
 - a. A taxable period that ends before the date of the agreement that:
 - i. Relates to one or more separate items affecting the liability of the taxpayer, or
 - ii. Relates to the total liability of the taxpayer.
 - b. A taxable period that ends after the date of the agreement only if the agreement relates to one or more separate items affecting the liability of the taxpayer.
 2. The Department and the taxpayer may enter into a closing agreement even if under the agreement the taxpayer is not liable for any tax for the period to which the agreement relates.
 3. The Department and a taxpayer may enter into more than one closing agreement for a taxable period relating to the liability of the taxpayer.
- B. A closing agreement shall be in writing and shall state the conditions of the agreement.
- C. A closing agreement is not effective until it is signed by the taxpayer or an authorized representative of the taxpayer and by an authorized representative of the Department.

Historical Note

Adopted effective September 16, 1987 (Supp. 87-3). Former Section R15-10-201 renumbered to R15-5-2207 (Supp. 94-1). New Section R15-10-201 renumbered from R15-2-231 (Supp. 94-1). Amended effective January 20, 1998 (Supp. 98-1). Amended by final rulemaking at 7 A.A.R. 2900, effective June 13, 2001 (Supp. 01-2).

R15-10-202. Expired**Historical Note**

Adopted effective April 26, 1989 (Supp. 89-2). Section R15-10-202 renumbered to R15-5-601 (Supp. 94-1). New Section R15-10-202 renumbered from R15-2-326 at 5 A.A.R. 1619, May 28, 1999 (Supp. 99-2). Section expired under A.R.S. § 41-1056(J) at 21 A.A.R. 1197, effective July 7, 2015 (Supp. 15-3).

ARTICLE 3. AUTHORIZED TRANSMISSION OF FUNDS**R15-10-301. Definitions**

In this Article:

1. "ACH" means an automated clearing house that is a central distribution and settlement point for the electronic clearing of debits and credits between financial institutions.
2. "ACH credit" means an electronic funds transfer generated by a payor, cleared through an ACH for deposit to the Department account.
3. "ACH debit" means an electronic transfer of funds from a payor's account, as indicated on a signed authorization agreement, that is generated at a payor's instruction on AZTaxes.gov and cleared through an ACH for deposit to the Department account.
4. "Addenda record" means the information required by the Department in an ACH credit transfer or wire transfer, in the approved electronic format prescribed in R15-10-306(B).
5. "ALTO" is the Arizona Luxury Tax Online web site, luxury.aztaxes.gov or such other web site as the Department may determine from time to time, and means the Depart-

ment's luxury taxpayer service center web site that provides luxury taxpayers with the ability to conduct transactions, make electronic funds transfer payments and review tax account information over the internet.

6. "Authorized means of transmission" means the deposit of funds into the Department account by electronic funds transfer.
7. "AZTaxes.gov" means the Department's taxpayer service center web site, or such other web site as the Department may determine from time to time, that provides taxpayers with the ability to conduct transactions, make electronic funds transfer payments and review tax account information over the internet.
8. "Cash Concentration or Disbursement plus" or "CCD plus" means the standardized data format approved by the National Automated Clearing House Association for remitting tax payments electronically.
9. "Department" means the Arizona Department of Revenue.
10. "EFT Program" means the payment of taxes by electronic funds transfer as specified by this Article.
11. "Electronic Funds Transfer" or "EFT" means the electronic transfer of funds from one bank account to another via computer based systems, where the person initiating the transfer orders, instructs, or authorizes a financial institution to debit or credit an account using the methods specified in these rules.
12. "Financial institution" means a state or national bank, a trust company, a state or federal savings and loan association, a mutual savings bank, or a state or federal credit union.
13. "Marketplace facilitator" has the same meaning as prescribed in A.R.S. § 42-5001.
14. "Payment information" means the data that the Department requires of a payor making an electronic funds transfer payment.
15. "Payor" means a taxpayer or payroll service.
16. "Payroll service" means a third party, under contract with a taxpayer to provide tax payment services on behalf of the taxpayer.
17. "Remote seller" has the same meaning as prescribed in A.R.S. § 42-5001.
18. "State Servicing Bank" means a bank designated under A.R.S. Title 35, Chapter 2, Article 2.
19. "Tax type" means a tax that is subject to electronic funds transfer, each of which shall be considered a separate category of payment.
20. "Wire transfer" or "Fedwire" means an instantaneous electronic funds transfer initiated by a payor.

Historical Note

Adopted effective July 30, 1993 (Supp. 93-3). Amended effective June 15, 1998 (Supp. 98-2). Amended by final rulemaking at 23 A.A.R. 1899, effective July 1, 2017 (Supp. 17-2). Amended by exempt rulemaking at 25 A.A.R. 3023, effective October 1, 2019 (Supp. 19-3).

R15-10-302. General Requirements

- A. For tax periods beginning on or after January 1, 1997, corporations that had an Arizona income tax liability during the prior tax year of \$20,000 or more shall remit Arizona estimated income tax payments by an authorized means of transmission.
- B. For tax periods beginning on or after July 1, 2017, taxpayers who, under A.R.S. Title 43, Chapter 4, had an average Arizona quarterly withholding tax liability during the prior tax year of \$5,000 or more shall remit Arizona withholding tax payments by an authorized means of transmission.

CHAPTER 10. DEPARTMENT OF REVENUE - GENERAL ADMINISTRATION

- C. The average Arizona quarterly withholding tax liability is determined by dividing the taxpayer's total Arizona withholding tax liability for the calendar year by 4.
- D. For tax periods beginning on and after July 1, 2017, any taxpayer who under A.R.S. Title 42 Chapter 5 and Chapter 6, Articles 1 and 3, had an annual tax liability during the prior calendar year of \$20,000 or more shall remit these tax payments by an authorized means of transmission.
- E. For tax periods after July 1, 2015, tobacco tax taxpayers are required to remit tobacco tax payments by an authorized means of transmission.
- F. Unless otherwise waived, according to A.R.S. § 42-1129, for tax periods beginning on or after the following tax years, any taxpayer, other than an individual income taxpayer, that had a tax liability equal to or more than the following amounts during the prior tax year or that can reasonably anticipate tax liability in the current tax year exceeding the following amounts, shall remit tax payments to the Department by an authorized means of transmission. For periods on or after:
1. January 1, 2018, prior tax year or expected current year tax liability of \$20,000;
 2. January 1, 2019, prior tax year or expected current year tax liability of \$10,000;
 3. January 1, 2020, prior tax year or expected current year tax liability of \$5,000;
 4. January 1, 2021, prior tax year or expected current year tax liability of \$500.
- G. For tax periods beginning on and after October 1, 2019, marketplace facilitators and remote sellers who, at the time of registering for a transaction privilege tax license, can reasonably anticipate their tax liability will exceed the thresholds detailed in subsection (F) above are required to remit any applicable taxes to the Department by an authorized means of transmission, unless granted a waiver according to A.R.S. § 42-1129.
- Historical Note**
Adopted effective July 30, 1993 (Supp. 93-3). Amended effective December 17, 1993 (Supp. 93-4). Amended effective October 4, 1996 (Supp. 96-4). Amended by final rulemaking at 23 A.A.R. 1899, effective July 1, 2017 (Supp. 17-2). Amended by final rulemaking at 23 A.A.R. 3308, effective January 1, 2018 (Supp. 17-4). Amended by exempt rulemaking at 25 A.A.R. 3023, effective October 1, 2019 (Supp. 19-3).
- R15-10-303. Voluntary Participation**
- A. For tax periods beginning on or after January 1, 1997, a taxpayer who, during the prior tax year, had a corporate income tax liability of less than \$20,000 may elect to participate in the EFT Program by submitting to the Department an electronic funds transfer authorization agreement that complies with R15-10-304.
- B. For tax periods beginning on or after July 1, 2017, a taxpayer who, during the prior tax year, had an average quarterly withholding tax liability of less than \$5,000 may elect to participate in the EFT Program by submitting to the Department an electronic funds transfer authorization agreement that complies with R15-10-304.
- C. For tax periods beginning on and after July 1, 2017, any taxpayer who has a liquor tax liability may elect to participate in the EFT Program by submitting to the Department an electronic funds transfer authorization agreement that complies with R15-10-304.
- D. For tax periods beginning on and after July 1, 2017, any taxpayer who, under Title 42 Chapter 5 and Chapter 6, Articles 1 and 3, had an annual tax liability of less than \$20,000 during the prior calendar year may elect to participate in the EFT Program by submitting to the Department an electronic funds transfer authorization agreement that complies with R15-10-304.
- E. For tax periods beginning on or after January 1, 2018, any taxpayer, other than an individual income taxpayer, that does not meet the statutory requirements under A.R.S. § 42-1129 and A.A.C. R15-10-302(F) to remit tax payments to the Department electronically, may elect to participate in the EFT Program by submitting to the Department an electronic funds transfer authorization agreement that complies with R15-10-304.
- F. A taxpayer authorized to participate in the EFT Program shall provide at least 30 days prior written notice to the Department if the taxpayer elects to cease voluntary participation in the EFT Program.
- Historical Note**
Adopted effective July 30, 1993 (Supp. 93-3). Amended effective December 17, 1993 (Supp. 93-4). Amended effective October 4, 1996 (Supp. 96-4). Amended effective June 15, 1998 (Supp. 98-2). Amended by final rulemaking at 23 A.A.R. 1899, effective July 1, 2017 (Supp. 17-2). Amended by final rulemaking at 23 A.A.R. 3308, effective January 1, 2018 (Supp. 17-4).
- R15-10-304. Authorization Agreement**
- A. The payor shall register for an account and complete an electronic funds transfer authorization agreement on AZTaxes.gov, ALTO or ACH Credit Form prescribed by the Department, as applicable, or such other form prescribed by the Department at least 30 days prior to initiation of the first applicable transaction. The form shall include the following information:
1. Name and address of the taxpayer;
 2. The taxpayer's tax identification number including a federal identification number, withholding tax identification number, transaction privilege tax identification number or other tax identification number, as appropriate;
 3. Name and phone number of taxpayer's EFT contact person;
 4. Name and address of any payroll service, if applicable;
 5. Name and phone number of the payroll service's EFT contact person, if applicable;
 6. For payments initiated on AZTaxes.gov or ALTO, the information must include the type of bank account, the bank account number and the bank routing transit number.
- B. A payor shall submit a revised authorization agreement to the Department at least 30 days prior to any change in the information required in subsection (A).
- Historical Note**
Adopted effective July 30, 1993 (Supp. 93-3). Amended effective June 15, 1998 (Supp. 98-2). Amended by final rulemaking at 23 A.A.R. 1899, effective July 1, 2017 (Supp. 17-2).
- R15-10-305. Methods of Electronic Funds Transfer**
- A. Payors shall use the ACH debit transfer method available through registration on AZTaxes.gov or ALTO to remit payment by electronic funds transfer unless the Department grants permission to use the ACH credit method.
- B. The Department may authorize under a form prescribed by the Department in R15-10-304 the use of the ACH credit method for payors desiring to use this method. A payor that chooses to use the ACH credit method shall provide the payment information required in R15-10-306(B)(2).

CHAPTER 10. DEPARTMENT OF REVENUE - GENERAL ADMINISTRATION

- C. The Department may withdraw permission to use the ACH credit method of payment if the payor shows disregard for the requirements and specifications of these rules by failing to:
1. Make timely electronic funds transfer payments,
 2. Provide timely payment information,
 3. Provide the required addenda record with the electronic funds transfer payment, or
 4. Make correct payment.
- D. Payers who are unable to use their established method of payment may request that the Department accept deposits to the Department account via wire transfer in accordance with the following:
1. The payor shall contact the Department, and obtain verbal approval to wire transfer the tax payment to the Department account prior to initiating the transmission.
 2. Approved wire transfers shall be accompanied by an addenda record, that includes the same information required for ACH credit transfers under R15-10-306(B)(2).

Historical Note

Adopted effective July 30, 1993 (Supp. 93-3). Amended effective June 15, 1998 (Supp. 98-2). Amended by final rulemaking at 23 A.A.R. 1899, effective July 1, 2017 (Supp. 17-2).

R15-10-306. Procedures for Payment

- A. Payers using the ACH Debit Method shall log in to their account on AZTaxes.gov or ALTO as appropriate and, unless registering for the first time, shall arrange for electronic payment of the applicable taxes no later than the time prescribed by the AZTaxes.gov or ALTO on the last business day before the due date of the payment. Payment information shall be communicated automatically to the Department through AZTaxes.gov or ALTO, as applicable, once payment arrangements have been made by payors and accepted by AZTaxes.gov or ALTO.
- B. Payers authorized to use the ACH credit method shall initiate payment transactions directly with a financial institution in a timely manner to ensure that the payment is deposited to the Department account on or before the payment due date.
1. All ACH credit transfers shall be in the CCD-plus addenda format. Payments not in this format may be rejected.
 2. The addenda format, as specified in subsection (B)(1), shall include the following information:
 - a. Taxpayer identification number,
 - b. Tax type,
 - c. Payment amount,
 - d. Tax period,
 - e. Taxpayer verification number,
 - f. Department account number, and
 - g. American Bank Association 9-digit number of the receiving bank.

Historical Note

Adopted effective July 30, 1993 (Supp. 93-3). Amended effective June 15, 1998 (Supp. 98-2). Amended by final rulemaking at 23 A.A.R. 1899, effective July 1, 2017 (Supp. 17-2).

R15-10-307. Timely Payment

- A. A taxpayer remitting a tax payment through an electronic funds transfer shall initiate the transfer so that the payment is deposited to the Department account on or before the payment due date.

- B. If a tax due date falls on a Saturday, Sunday, or legal holiday, the deposit by an electronic funds transfer shall be made no later than 5:00 p.m. on the next banking day.
- C. A taxpayer required to, or who voluntarily elects to, participate in the EFT Program is subject to the penalty prescribed by A.R.S. § 42-1125(D) if the payment is not deposited to the Department account on or before the payment due date.

Historical Note

Adopted effective July 30, 1993 (Supp. 93-3). Amended effective June 15, 1998 (Supp. 98-2). Amended by final rulemaking at 7 A.A.R. 2900, effective June 13, 2001 (Supp. 01-2).

ARTICLE 4. REIMBURSEMENT OF FEES AND OTHER COSTS RELATED TO AN ADMINISTRATIVE PROCEEDING**R15-10-401. Application for Reimbursement of Fees and Other Costs Related to an Administrative Proceeding**

- A. To apply for reimbursement of reasonable fees and other costs, as provided in A.R.S. § 42-2064, a taxpayer shall file a written application with the Department's problem resolution officer.
- B. An application shall include the following:
1. Taxpayer's name, address, and identification number;
 2. Identification of the tax type and the administrative proceeding for which reimbursement is sought;
 3. An explanation of why the taxpayer alleges that the position of the Department in the administrative proceeding was not substantially justified;
 4. If multiple issues were presented in the administrative proceeding and the taxpayer did not prevail on all issues, an explanation of:
 - a. The issue or set of issues on which the taxpayer prevailed,
 - b. The issue or set of issues on which the taxpayer did not prevail, and
 - c. The issue or set of issues on which the taxpayer prevailed and why the issue or set of issues presented in the administrative proceeding is the most significant.
 5. A statement that the taxpayer did not unduly and unreasonably protract the administrative proceeding for which reimbursement is sought;
 6. A statement that the reason the taxpayer prevailed is not due to an intervening change in the applicable law; and
 7. A detailed explanation of the nature and amount of each specific item for which reimbursement is sought.
- C. An application may also include any other matters that the taxpayer wishes the Department's problem resolution officer to consider in determining whether and in what amount reimbursement should be made.
- D. The taxpayer shall sign the application and verify under penalty of perjury that the information provided in the application and any accompanying material is accurate and complete.
- E. If a paid representative of the taxpayer prepares the application, the representative shall also sign the application and verify under penalty of perjury that the information provided in the application and all accompanying material is accurate and complete.
- F. Fees and costs incurred in making application for reimbursement or regarding an appeal of a decision for reimbursement do not relate to an administrative proceeding in connection with an assessment, determination, collection, or refund of tax and are not reimbursable.

Historical Note

Adopted effective March 13, 1998 (Supp. 98-1).

CHAPTER 10. DEPARTMENT OF REVENUE - GENERAL ADMINISTRATION

Amended by final rulemaking at 7 A.A.R. 2900, effective June 13, 2001 (Supp. 01-2).

R15-10-402. Documentation of Payment of Fees and Other Costs

The taxpayer shall submit with the application documentation which shows payment of the fees and costs for which the taxpayer seeks reimbursement. The taxpayer shall submit a separate itemized statement for each firm or individual that provided services covered by the application. The itemized statement shall show the hours spent in connection with the administrative proceeding by each individual, a description of the specific services performed, and the rates used in computing each fee. Each statement shall reflect payment or the taxpayer shall attach proof of payment to the statement. Separate, itemized statements of any other costs incurred by the taxpayer, together with proof of payment, shall also accompany an application.

Historical Note

Adopted effective March 13, 1998 (Supp. 98-1).

R15-10-403. Filing an Application

- A.** A taxpayer shall file an application for reimbursement of fees and other costs only after the conclusion of administrative proceedings, but not later than 30 days after the conclusion of administrative proceedings.
- B.** For purposes of this rule, the conclusion of administrative proceedings is determined as follows:
1. For a decision of a hearing officer or administrative law judge, the conclusion of administrative proceedings occurs 30 days after the taxpayer receives the decision unless, within the 30-day period, one of the following occurs:
 - a. The taxpayer appeals the decision, or any part of the decision, to the State Board of Tax Appeals;
 - b. The taxpayer or the Department petitions the Director to review the decision, or any part of the decision;
 - c. The Director independently determines that the decision, or any part of the decision, requires review.
 2. When a decision of a hearing officer or administrative law judge is subject to a review by the Director, the conclusion of administrative proceedings occurs 30 days after the taxpayer receives the Director's decision unless, within the 30-day period, the taxpayer appeals the decision, or any part of the decision to the State Board of Tax Appeals.
 3. When a taxpayer appeals a decision, or any part of a decision, to the State Board of Tax Appeals, the conclusion of administrative proceedings occurs 30 days after the taxpayer receives the decision of the State Board of Tax Appeals.

Historical Note

Adopted effective March 13, 1998 (Supp. 98-1).

R15-10-404. Decisions

- A.** The Department's problem resolution officer shall issue a written decision on each application for reimbursement of fees and other costs. The problem resolution officer shall issue the decision within 30 days after receipt of the application and shall set forth the reason for the decision.
- B.** The problem resolution officer's decision is issued when mailed to the taxpayer's address furnished in the application.

Historical Note

Adopted effective March 13, 1998 (Supp. 98-1).

ARTICLE 5. ELECTRONIC FILING PROGRAM**R15-10-501. Definitions**

In addition to the definitions provided in A.R.S. §§ 42-1101.01, 42-1103.01, 42-1103.02, 42-1103.03, and 42-1105.02, unless the context provides otherwise, the following definitions apply to this Article and to A.R.S. Title 42, Chapter 2:

1. "AZTaxes.gov" means the Department's taxpayer service center web site that provides taxpayers with the ability to conduct transactions and review tax account information over the internet.
2. "Authorized user" means an individual, primary user, or delegate user, including a return preparer or electronic return preparer, who has been granted authority by the taxpayer, an owner of the taxpayer or an authorized officer of the taxpayer to access taxpayer information available on AZTaxes.gov.
3. "Bulk Transmitter" is an electronic return transmitter that submits multiple electronic returns, statements or other documents to the Department for filing or processing at one time.
4. "Delegate user" means a registered customer of AZTaxes.gov, other than a primary user, who is authorized by a taxpayer, an owner of the taxpayer or an authorized officer of the taxpayer to access the taxpayer's account information on AZTaxes.gov. A Delegate user who uses a PIN to sign and file transaction privilege or use tax returns on behalf of a taxpayer shall be presumed to be authorized by that taxpayer to take such action on behalf of the taxpayer.
5. "Department" means the Arizona Department of Revenue.
6. "Electronic return preparer" has the same meaning as prescribed in A.R.S. § 42-1101.01.
7. "Electronic return, statement or other document" means all data entered into a return, statement, or other document that is prepared using computer software and transmitted electronically to the Department.
8. "Electronic return transmitter" includes a person who is part of the chain of transmission of an electronic return, statement, or other document from the taxpayer or from an electronic return preparer to the Department even though the person did not receive the transmitted return, statement, or other document directly from the taxpayer or electronic return preparer.
9. "Electronic signature" has the same meaning as prescribed in A.R.S. § 18-106.
10. "License" means one or more transaction privilege, use, or withholding tax licenses or registrations obtained from the Department by completing and submitting a mail-in paper application or by completing the AZTaxes.gov registration process and, where applicable, submitting an executed AZTaxes.gov Registration Signature Card.
11. "Marketplace facilitator" has the same meaning as prescribed in A.R.S. § 42-5001.
12. "PIN" means a user-created personal identification number made up of a prescribed number of characters and used as an electronic signature to sign returns, statements or other documents submitted to the Department through AZTaxes.gov or by any other electronic means.
13. "Primary user" means the taxpayer, an owner of the taxpayer or any authorized officer of the taxpayer who registers to use AZTaxes.gov. A primary user has the unlimited ability to access the taxpayer's online accounts, conduct online transactions for the taxpayer, designate delegate users, specify the level of access granted to a

CHAPTER 10. DEPARTMENT OF REVENUE - GENERAL ADMINISTRATION

delegate user and modify or terminate the access of any delegate user.

14. "Registered customer" means any individual who has, by means of providing specific information requested by the Department through the AZTaxes.gov registration process, selected a username and password entitling that individual to conduct transactions and access information through AZTaxes.gov.
15. "Remote seller" has the same meaning as prescribed in A.R.S. § 42-5001.
16. "Return preparer" has the same meaning as prescribed in A.R.S. § 42-1101.01.

Historical Note

New Section made by final rulemaking at 7 A.A.R. 5383, effective November 8, 2001 (Supp. 01-4). Amended by final rulemaking at 9 A.A.R. 5044, effective November 4, 2003 (Supp. 03-4). Amended by exempt rulemaking under Laws 2014, Ch. 263, § 25 at 22 A.A.R. 116, effective January 7, 2016 (Supp. 16-1). Amended by exempt rulemaking under Laws 2014, Ch. 263, § 25 at 22 A.A.R. 1852, effective June 24, 2016 (Supp. 16-2). Amended by exempt rulemaking at 25 A.A.R. 3023, effective October 1, 2019 (Supp. 19-3).

R15-10-502. Recordkeeping Requirements

For each electronic return of income tax or withholding tax filed with the Department, the electronic return preparer shall keep the documents listed in A.R.S. § 42-1105(F) for four years following the later of the date on which the return was due to be filed with the Department or was presented to the taxpayer for signature.

Historical Note

New Section made by final rulemaking at 7 A.A.R. 5383, effective November 8, 2001 (Supp. 01-4). Amended by final rulemaking at 9 A.A.R. 5044, effective November 4, 2003 (Supp. 03-4). Amended by exempt rulemaking under Laws 2014, Ch. 263, § 25 at 22 A.A.R. 116, effective January 7, 2016 (Supp. 16-1). Amended by final rulemaking at 25 A.A.R. 3057, effective December 1, 2019 (Supp. 19-4).

R15-10-503. Electronic Signatures for Income Tax Returns

- A. If a taxpayer electronically signs the taxpayer's federal income tax return, the taxpayer may elect to use the electronic signature from the federal return to sign the taxpayer's Arizona income tax return. By electing to use the federal electronic signature for the Arizona electronic return, the taxpayer is declaring, under penalties of perjury, that the electronic return is, to the best of the taxpayer's knowledge and belief, true, correct, and complete.
- B. A taxpayer makes an election under subsection (A) by doing the following:
 1. If the taxpayer is preparing the taxpayer's Arizona electronic return, the taxpayer makes the election by signifying the election during the electronic filing process.
 2. If the taxpayer uses an electronic return preparer to prepare the taxpayer's Arizona electronic return, the taxpayer makes the election by:
 - a. Signifying the election during the electronic filing process, or
 - b. Authorizing, in writing on a form prescribed by the Department, the electronic return preparer to make the election on behalf of the taxpayer.
- C. A taxpayer that does not elect to electronically sign the taxpayer's electronic federal income tax return shall not electronically sign the taxpayer's electronic Arizona income tax return.

Historical Note

New Section made by final rulemaking at 7 A.A.R. 5383, effective November 8, 2001 (Supp. 01-4). Amended by final rulemaking at 25 A.A.R. 3057, effective December 1, 2019 (Supp. 19-4).

R15-10-504. Electronic Signatures for Withholding Tax

- A. A taxpayer that has obtained a withholding tax license from the Department shall do the following to become a registered customer of the AZTaxes.gov web site:
 1. Provide the following information during the AZTaxes.gov web site registration process:
 - a. The legal name of the registrant and any one of the following numbers:
 - i. The registrant's federal employer identification number, and
 - ii. The registrant's social security number, if the registrant is a sole proprietor, or
 - iii. Any other identification number assigned to the registrant by the Department or the Internal Revenue Service for the purpose of electronic filing.
 - b. The registrant's e-mail address,
 - c. Agree to the Department's Terms of Service, and
 2. Submit to the Department an executed AZTaxes.gov Registration Signature Card as evidence of the following:
 - a. If submitted during web site registration, the information provided during the AZTaxes.gov registration process is true and correct,
 - b. If previously submitted, the information contained in the Arizona Joint Tax Application or submitted during the online business registration is true and correct, and
 - c. The signatory is duly authorized to act on behalf of the business, receive confidential information, and waive any rights of confidentiality.
- B. A taxpayer that has not obtained a withholding tax license from the Department shall do the following to become a registered customer of the AZTaxes.gov web site:
 1. Obtain a withholding tax license by completing either the mail-in Arizona Joint Tax Application or the online business registration,
 2. Provide the following information during the AZTaxes.gov web site registration process:
 - a. The legal name of the registrant and any one of the following numbers:
 - i. The registrant's federal employer identification number,
 - ii. The registrant's social security number, if the registrant is a sole proprietor, or
 - iii. Any other identification number assigned to the registrant by the Department or the Internal Revenue Service for the purposes of electronic filing, and
 3. Submit to the Department either the executed, mail-in Arizona Joint Tax Application or the AZTaxes.gov Registration Signature Card as evidence of the following:
 - a. If submitted during web site registration, the information provided during the AZTaxes.gov registration process is true and correct,
 - b. The information contained in the Arizona Joint Tax Application or submitted during the online business registration is true and correct, and
 - c. The signatory is duly authorized to act on behalf of the business, receive confidential information, and waive any rights of confidentiality.

CHAPTER 10. DEPARTMENT OF REVENUE - GENERAL ADMINISTRATION

- C. A taxpayer or authorized user shall use the taxpayer's signature on the document submitted under subsection (B)(3) to electronically sign a taxpayer's electronic withholding tax returns. Use of the taxpayer's signature is the taxpayer's declaration, under penalties of perjury that the electronic return is, to the best of the taxpayer's knowledge and belief, true, correct, and complete.
- D. To file an electronic withholding tax return under subsection (C):
1. If the taxpayer is preparing the taxpayer's electronic return, the taxpayer, shall access the AZTaxes.gov web site and electronically file the return.
 2. If the taxpayer's authorized user is preparing the taxpayer's electronic return, the taxpayer shall:
 - a. Access the AZTaxes.gov web site and electronically file the return, or
 - b. Authorize, in writing on a form prescribed by the Department, the authorized user to access the taxpayer's account on the AZTaxes.gov web site and electronically file the return on behalf of the taxpayer.
- Historical Note**
- New Section made by final rulemaking at 9 A.A.R. 5044, effective November 4, 2003 (Supp. 03-4). Amended by exempt rulemaking under Laws 2014, Ch. 263, § 25 at 22 A.A.R. 116, effective January 7, 2016 (Supp. 16-1).
- R15-10-505. Electronic Signatures for Transaction Privilege and Use Tax**
- A. As a registrant for AZTaxes.gov, a taxpayer, primary user or delegate user shall do the following to become a registered customer of AZTaxes.gov for transaction privilege and use tax purposes:
1. Provide the registrant's legal name and e-mail address,
 2. Create a unique username and password entitling the registrant access to AZTaxes.gov,
 3. Select a prescribed number of security questions and submit their answers,
 4. Create a PIN, and
 5. Agree to the Department's Terms of Service.
- B. By becoming a registered customer of AZTaxes.gov and continuing to use AZTaxes.gov, the registrant declares that:
1. The information provided during the AZTaxes.gov registration process is accurate and complete, and
 2. If a mail-in paper application was previously submitted, the information contained in the application is accurate and complete.
- C. A taxpayer that has not obtained a transaction privilege or use tax license from the Department shall obtain a license by completing either the mail-in paper application or the AZTaxes.gov online application. From and after January 9, 2016, a taxpayer, primary user or delegate user may use the PIN created according to subsection (A)(4) to electronically sign the taxpayer's online application.
- D. A delegate user shall do the following to become associated with a taxpayer on the AZTaxes.gov web site:
1. Provide answers to prescribed questions about the taxpayer if the taxpayer has a license, or
 2. Complete the online or mail-in paper application and provide answers to prescribed questions about the taxpayer.
- E. If filing a taxpayer's transaction privilege or use tax return by electronic means, an authorized user shall, from and after July 5, 2016, use the authorized user's PIN to electronically sign a taxpayer's electronic transaction privilege tax or use tax returns. By using the PIN, the authorized user declares under penalties of perjury that the electronic return is, to the best of the authorized user's knowledge and belief, true, correct, and complete.
- F. To file an electronic transaction privilege or use tax return under subsection (E) above, a taxpayer, primary user, or delegate user preparing the electronic return may access AZTaxes.gov and electronically file the return after signing the return with the PIN created under subsection (A)(4).
- G. From and after July 5, 2016, unless otherwise required by Article 3 of this Title and Chapter, an authorized user may pay its transaction privilege and use tax liability by electronic check.
- H. For tax periods beginning on or after the following years, any taxpayer that, under A.R.S. Title 42 Chapters 5 and 6, had total annual tax liability of at least the following amounts during the prior tax year or can reasonably anticipate that its current year tax liability will exceed the following amounts, shall, unless otherwise waived according to A.R.S. § 42-5014, file the required return using an electronic filing program established by the Department. For periods on or after:
1. January 1, 2018, prior tax year or expected current year total tax liability of \$20,000;
 2. January 1, 2019, prior tax year or expected current year total tax liability of \$10,000;
 3. January 1, 2020, prior tax year or expected current year total tax liability of \$5,000;
 4. January 1, 2021, prior tax year or expected current year total tax liability of \$500.
- I. For tax periods beginning on and after October 1, 2019, marketplace facilitators and remote sellers who, at the time of registering for a transaction privilege tax license, can reasonably anticipate their tax liability will exceed the thresholds detailed in subsection (G) above shall, unless granted a waiver or if instructed to file by paper by the Department according to A.R.S. § 42-5014, file the required return using an electronic program established by the Department.
- J. Any taxpayer that, under A.R.S. Title 42 Chapters 5 and 6, was required to file a return using an electronic filing program according to subsection (H) or (I) of this rule and that fails to do so after notice and demand by the Department shall, unless reasonable cause exists, be subject to the penalty imposed under A.R.S. § 42-1125(X) and (Y).
- Historical Note**
- New Section made by exempt rulemaking under Laws 2014, Ch. 263, § 25 at 22 A.A.R. 116, effective January 7, 2016 (Supp. 16-1). Amended by exempt rulemaking under Laws 2014, Ch. 263, § 25 at 22 A.A.R. 1852, effective June 24, 2016 (Supp. 16-2). Amended by final rulemaking at 23 A.A.R. 3308, effective January 1, 2018 (Supp. 17-4). Amended by exempt rulemaking at 25 A.A.R. 3023, effective October 1, 2019 (Supp. 19-3).
- R15-10-506. Transaction Privilege and Use Tax Electronic File Bulk Transmitters**
- A. A transaction privilege and use tax Bulk Transmitter shall complete and submit to the Department an application to participate in the Department's bulk electronic filing program as a direct transmitter of transaction privilege or use tax returns. The application shall contain the following information:
1. The company name;
 2. The product name, software ID and specifications;
 3. The company's website address and IP address or addresses;
 4. Contact name and information; and
 5. Such other information as the Department may require to be completed from time to time in its application form.
- B. As part of the application process the Bulk Transmitter shall sign a memorandum of understanding with the Department

CHAPTER 10. DEPARTMENT OF REVENUE - GENERAL ADMINISTRATION

outlining the terms under which it will be allowed to transmit electronic returns directly to the Department.

- C. After the application is reviewed by the Department, the Bulk Transmitter shall submit any software it created or will use for the transmittal process to the Department for testing and certification.
- D. Upon certification by the Department, the Department shall issue authorization codes to the Bulk Transmitter for the purpose of accessing its servers.

Historical Note

New Section made by exempt rulemaking under Laws 2014, Ch. 263, § 25 at 22 A.A.R. 1852, effective June 24, 2016 (Supp. 16-2).

ARTICLE 6. EMERGENCY EXPIRED**R15-10-601. Emergency Expired****Historical Note**

Section reserved by emergency rulemaking at 9 A.A.R. 4443, effective September 22, 2003 for a period of 180 days (Supp. 03-3). Emergency expired, effective March 20, 2004 (Supp. 09-2). New Section reserved by emergency rulemaking at 15 A.A.R. 825, effective April 30, 2009 for a period of 180 days (Supp. 09-2). Emergency expired, effective October 27, 2009 (Supp. 09-4).

R15-10-602. Emergency Expired**Historical Note**

New Section made by emergency rulemaking at 9 A.A.R. 4443, effective September 22, 2003 for a period of 180 days (Supp. 03-3). Emergency expired, effective March 20, 2004 (Supp. 09-2). New Section made by emergency rulemaking at 15 A.A.R. 825, effective April 30, 2009 for a period of 180 days (Supp. 09-2). Emergency expired, effective October 27, 2009 (Supp. 09-4).

R15-10-603. Emergency Expired**Historical Note**

New Section made by emergency rulemaking at 9 A.A.R. 4443, effective September 22, 2003 for a period of 180 days (Supp. 03-3). Emergency expired, effective March 20, 2004 (Supp. 09-2). New Section made by emergency rulemaking at 15 A.A.R. 825, effective April 30, 2009 for a period of 180 days (Supp. 09-2). Emergency expired, effective October 27, 2009 (Supp. 09-4).

R15-10-604. Emergency Expired**Historical Note**

New Section made by emergency rulemaking at 9 A.A.R. 4443, effective September 22, 2003 for a period of 180 days (Supp. 03-3). Emergency expired, effective March 20, 2004 (Supp. 09-2). New Section made by emergency rulemaking at 15 A.A.R. 825, effective April 30, 2009 for a period of 180 days (Supp. 09-2). Emergency expired, effective October 27, 2009 (Supp. 09-4).

R15-10-605. Emergency Expired**Historical Note**

New Section made by emergency rulemaking at 9 A.A.R. 4443, effective September 22, 2003 for a period of 180 days (Supp. 03-3). Emergency expired, effective March 20, 2004 (Supp. 09-2). New Section made by emergency rulemaking at 15 A.A.R. 825, effective April 30, 2009 for a period of 180 days (Supp. 09-2). Emer-

gency expired, effective October 27, 2009 (Supp. 09-4).

R15-10-606. Emergency Expired**Historical Note**

New Section made by emergency rulemaking at 9 A.A.R. 4443, effective September 22, 2003 for a period of 180 days (Supp. 03-3). Emergency expired, effective March 20, 2004 (Supp. 09-2). New Section made by emergency rulemaking at 15 A.A.R. 825, effective April 30, 2009 for a period of 180 days (Supp. 09-2). Emergency expired, effective October 27, 2009 (Supp. 09-4).

R15-10-607. Emergency Expired**Historical Note**

New Section made by emergency rulemaking at 9 A.A.R. 4443, effective September 22, 2003 for a period of 180 days (Supp. 03-3). Emergency expired, effective March 20, 2004 (Supp. 09-2). New Section made by emergency rulemaking at 15 A.A.R. 825, effective April 30, 2009 for a period of 180 days (Supp. 09-2). Emergency expired, effective October 27, 2009 (Supp. 09-4).

ARTICLE 7. EMERGENCY EXPIRED**R15-10-701. Reserved****R15-10-702. Emergency Expired****Historical Note**

New Section made by emergency rulemaking at 17 A.A.R. 1864, effective August 31, 2011 for 180 days (Supp. 11-3). Emergency expired February 27, 2012. New Section made by emergency rulemaking at 21 A.A.R. 1830, effective August 19, 2015 for 180 days (Supp. 15-3). Emergency expired February 11, 2016 (Supp. 16-1). New Section made by emergency rulemaking at 21 A.A.R. 2621, effective August 29, 2016 for 180 days (Supp. 16-3). Emergency expired February 25, 2017 (Supp. 17-2).

R15-10-703. Emergency Expired**Historical Note**

New Section made by emergency rulemaking at 17 A.A.R. 1864, effective August 31, 2011 for 180 days (Supp. 11-3). Emergency expired February 27, 2012. New Section made by emergency rulemaking at 21 A.A.R. 1830, effective August 19, 2015 for 180 days (Supp. 15-3). Emergency expired February 11, 2016 (Supp. 16-1). New Section made by emergency rulemaking at 21 A.A.R. 2621, effective August 29, 2016 for 180 days (Supp. 16-3). Emergency expired February 25, 2017 (Supp. 17-2).

R15-10-704. Emergency Expired**Historical Note**

New Section made by emergency rulemaking at 17 A.A.R. 1864, effective August 31, 2011 for 180 days (Supp. 11-3). Emergency expired February 27, 2012. New Section made by emergency rulemaking at 21 A.A.R. 1830, effective August 19, 2015 for 180 days (Supp. 15-3). Emergency expired February 11, 2016 (Supp. 16-1). New Section made by emergency rulemaking at 21 A.A.R. 2621, effective August 29, 2016 for 180 days (Supp. 16-3). Emergency expired February 25, 2017 (Supp. 17-2).

R15-10-705. Emergency Expired

CHAPTER 10. DEPARTMENT OF REVENUE - GENERAL ADMINISTRATION

Historical Note

New Section made by emergency rulemaking at 17 A.A.R. 1864, effective August 31, 2011 for 180 days (Supp. 11-3). Emergency expired February 27, 2012 (Supp. 15-3). New Section made by emergency rulemaking at 21 A.A.R. 2621, effective August 29, 2016 for 180 days (Supp. 16-3). Emergency expired February 25, 2017 (Supp. 17-2).

Historical Note

New Section made by emergency rulemaking at 17 A.A.R. 1864, effective August 31, 2011 for 180 days (Supp. 11-3). Emergency expired February 27, 2012. New Section made by emergency rulemaking at 21 A.A.R. 1830, effective August 19, 2015 for 180 days (Supp. 15-3). Emergency expired February 11, 2016 (Supp. 16-1).

R15-10-706. Emergency Expired