

# STATE OF ARIZONA

Department of Revenue



*Janice K. Brewer*  
**Governor**

*John A. Greene*  
**Director**

March 13, 2013

Attached please find a proposed Arizona Individual Income Tax Ruling addressing the use of electronic signature pads to sign Form AZ – 8879. The Department would appreciate written comments on this draft ruling.

The deadline for comments is **Monday, April 22, 2013**. Any request for an extension of time for review must also be made by this date. This office will review all comments that are received through this date and make any appropriate revisions before the Department issues the final document.

Please address your comments to:

Ernest Powell, Manager  
Tax Policy and Research Division  
Arizona Department of Revenue  
1600 W. Monroe  
Phoenix, Arizona 85007  
Fax No. (602) 716-7995  
E-Mail: [EPowell@azdor.gov](mailto:EPowell@azdor.gov)



Janice K. Brewer  
Governor

John A. Greene  
Director

## ARIZONA INDIVIDUAL INCOME TAX RULING ITR 13-XX

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 permit a taxpayer to sign Arizona Form AZ-8879 using an electronic signature pad when the return is prepared by an electronic return originator (ERO)?

### **RULING:**

For Arizona income tax purposes, the department will permit a taxpayer to sign Arizona Form AZ-8879 using an electronic signature pad when the return is prepared by an ERO. Taxpayers must be present in the ERO's office where the electronic signature pad is located to sign using the signature pad. The ERO must retain the forms with the taxpayers' signatures and ensure the taxpayers have access to the electronically signed forms. In order for an Arizona Form AZ-8879 that is signed via an electronic signature pad to be valid, all of the following requirements must be met:

1. The electronic version of the form must match the paper version of the form.
2. The form with the signature can be printed out and provided to the Department or to the taxpayer on request.
3. The signature is unique to the person using it.
4. The signature is capable of verification.
5. The signature is under the sole control of the person using it.
6. The signature is linked to the electronic record to which it relates in such a manner that if the record were changed the electronic signature would be invalidated.

### **DISCUSSION:**

For federal income tax purposes, Form 8879 is the declaration document and signature authorization for an e-filed return filed by an ERO. Form 8879 is completed when the Practitioner PIN method is used or when the taxpayer authorizes the ERO to enter or generate the taxpayer's PIN on his or her e-filed individual income tax return. The IRS has approved the use of an electronic signature pad by EROs to have taxpayers sign Form 8879. Taxpayers must be present in the ERO's office where the electronic signature pad is

## ARIZONA INDIVIDUAL INCOME TAX RULING

### ITR 13-XX

Page 2

located to sign using the signature pad. The ERO must retain the forms with the taxpayers' signatures and ensure the taxpayers have digital access to the electronically signed forms via the ERO's Web site.

For Arizona income tax purposes, an individual may also electronically file his or her Arizona individual income tax return when the taxpayer elects to electronically file the federal income tax return. The Arizona counterpart to federal Form 8879 is Arizona Form AZ-8879. When a taxpayer files electronically, the taxpayer must sign Form AZ-8879 to give the electronic return originator the authority to sign the taxpayer's return with a PIN. Even though Form AZ-8879 is part of the electronic return filing process, Form AZ-8879 is neither submitted electronically, nor mailed in to the department.

A.R.S. 44-7007 provides in part, that an electronic record satisfies any law that requires a record to be in writing and that an electronic signature satisfies any law that requires a signature.

Under A.R.S. § 44-7042, a governmental agency must determine if, and the extent to which, the governmental agency will accept electronic signatures from other persons and otherwise create, generate, communicate, store, process, use and rely on electronic signatures. Additionally, under A.R.S. § 44-7043, electronic signature use policies adopted by any governmental agency pursuant to section 44-7042 must encourage and promote consistency and interoperability with similar requirements adopted by other governmental agencies, other states, the federal government and nongovernmental persons that interact with governmental agencies.

#### **APPLICABLE LAW:**

A.R.S. 44-7007 provides in part, that an electronic record satisfies any law that requires a record to be in writing and that an electronic signature satisfies any law that requires a signature.

A.R.S. § 44-7031, provides that a signature is a secure electronic signature if, through the application of a security procedure, it can be demonstrated that the electronic signature at the time the signature was made was unique to the person using it; capable of verification; under the sole control of the person using it and linked to the electronic record to which it relates in such a manner that if the record were changed the electronic signature would be invalidated.

A.R.S. § 44-7042 provides, in part, with certain exceptions, that each governmental agency shall determine if, and the extent to which, the governmental agency will accept electronic signatures from other persons and otherwise create, generate, communicate, store, process, use and rely on electronic signatures.

# ARIZONA INDIVIDUAL INCOME TAX RULING

ITR 13-XX

Page 3

A.R.S. § 44-7043, provides, in part, electronic signature use policies adopted by the secretary of state or any other similar standards adopted by any other governmental agency pursuant to section 44-7042 shall encourage and promote consistency and interoperability with similar requirements adopted by other governmental agencies, other states, the federal government and nongovernmental persons that interact with governmental agencies.

A.A.C. R15-10-503.B.2 provides that if the taxpayer uses an electronic return preparer to prepare the taxpayer's Arizona electronic return, the taxpayer makes the election by either signifying the election during the electronic filing process, or authorizing, in writing on a form prescribed by the department, the electronic return preparer to make the election on behalf of the taxpayer.

---

John A. Greene, Director

---

Date

## Explanatory Notice

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