

Attached please find a proposed Arizona Withholding Tax Procedure addressing the procedure an employer should follow to request an extension of time to file the annual withholding reconciliation returns, either Arizona Form A1-R or Arizona Form A1-APR. The Department would appreciate written comments on this draft procedure.

The deadline for comments is **Friday, September 23, 2011**. 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:

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Janice K. Brewer
Governor

John A. Greene
Director

ARIZONA WITHHOLDING TAX PROCEDURE WTP 11-X

Procedure for Requesting
Extension of the Filing Deadline for Annual Withholding Tax Returns
Pursuant to A.R.S. § 43-412(B)

APPLICABLE LAW:

Arizona Revised Statutes (A.R.S.) § 43-412(B) provides that the Arizona Department of Revenue (Department) may extend the filing deadline for annual withholding tax returns on a showing of good cause by the employer.

DISCUSSION:

Previously, the Department had developed and maintained forms for an employer to request an extension of time to file Arizona Form A1-R or Arizona Form A1-APR. The extension forms have been discontinued for calendar year 2011 forward.¹ Employers may still request a 30-day extension for good cause, and a second 30-day extension for good cause.

This withholding tax procedure is being issued to set forth the procedures for requesting a 30-day extension to file either of the annual withholding tax returns, replacing the discontinued forms.

PROCEDURE:

1. How does an employer request an extension of time to file Arizona Form A1-R, Arizona Withholding Reconciliation Return?

An employer's request for a 30-day extension to file Form A1-R must be in writing and must contain:

¹ One of the reasons it was decided to discontinue the extension forms was because they were causing confusion. Taxpayers were filing a form requesting a withholding extension, when they should have filed a form to request an extension for individual income tax or corporate income tax. Discontinuing the forms should eliminate this confusion. Department statistics indicate that less than 10 employers checked a box to file the annual reconciliation return under extension for 2009.

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- (1) employer's name;
- (2) employer's current address;
- (3) employer's daytime telephone number;
- (4) employer identification number;
- (5) an indication of which 30-day extension the request is for (first or second);
- (6) the reason why an extension of time to file is needed; and
- (7) the name and signature of the officer or agent, title, date and agent's TIN.

An employer's request should be mailed to:

Arizona Department of Revenue
ATTN: Withholding Extension Requests
1600 W Monroe Street
Phoenix, AZ 85007

The first extension request must be postmarked on or before the due date of the return. The second extension request must be postmarked on or before the end of the first extension period. If the last day for filing the extension request is a Saturday, Sunday, or legal holiday, the extension request will be considered to be timely if postmarked by the next business day. Late filed requests will be denied.

2. How does an employer request an extension of time to file Arizona Form A1-APR, *Arizona Annual Payment Withholding Tax Return*?

An employer's request for a 30-day extension to file Form A1-APR must be in writing and must contain:

- (1) employer's name;
- (2) employer's current address;
- (3) employer's daytime telephone number;
- (4) employer identification number;

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- (5) an indication of which 30-day extension the request is for (first or second);
- (6) the reason why an extension of time to file is needed; and
- (7) the name and signature of the officer or agent, title, date and agent's TIN.

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The extension request extends the time to file, but does not extend the time to pay the tax due. Therefore, an employer must pay the tax liability due by the original due date of the return. A registered employer can do this online at www.aztaxes.gov. If making a payment by check or money order, include a completed Form A1-WP, indicating the payment is for the 4th quarter with the extension request.

The payment must be postmarked on or before the original due date of the return to avoid the imposition of penalties.

3. What should an employer expect from the Department after filing the extension request?

The Department will send a letter to the employer only if the extension request is denied.

4. What should the employer do with the extension request?

The employer should make a copy of each extension request prior to mailing it to the Department. The employer should attach a copy of the extension request to the front of the employer's return, when filed. If filing online, maintain the extension request for the employer's records.

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If any penalties are imposed on a return properly filed under extension, a copy of the extension request and proof of mailing will expedite the penalty abatement process.

John A. Greene, Director

Date

Explanatory Notice

The purpose of a tax procedure is to provide procedural guidance to the general public and to department personnel. A tax procedure is a written statement issued by the department to assist in the implementation of tax laws, administrative rules, and tax rulings by delineating procedures to be followed in order to achieve compliance with the law. Relevant statute, case law, or administrative rules, as well as a subsequent procedure, may modify or negate any or all of the provisions of any tax procedure. See GTP 96-1 for more detailed information regarding documents issued by the Department of Revenue.