

TITLE 15. REVENUE
CHAPTER 10. DEPARTMENT OF REVENUE
GENERAL ADMINISTRATION
ARTICLE 7. TAX RECOVERY PROGRAM

Section

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Article 7. Tax Recovery Program

R15-10-702. General

- A. The Arizona Department of Revenue has established a Tax Recovery Program for the period of September 1, 2011 through October 1, 2011, as required under Laws 2011, First Regular Session, Chapter 28, Section 11.
- B. The Tax Recovery Program applies to tax liabilities for the taxes listed in A.R.S. § 42-1101 including but not limited to:
 - 1. Income tax, including individual, corporate and fiduciary;
 - 2. Withholding tax;
 - 3. Luxury tax;
 - 4. Transaction privilege tax for the State of Arizona and the Counties; and
 - 5. Arizona use tax
- C. "Tax liabilities" includes any payment of estimated tax, interest and penalties required by law.
- D. The Tax Recovery Program does not apply to municipal privilege and use taxes.
- E. Any return or report filed under the Tax Recovery Program is subject to verification as provided in law.

R15-10-703. Tax Periods Under Audit

- A. A taxpayer may apply for tax recovery for a tax period under audit only if the application for tax recovery contains all of the tax periods under audit that are within the liability period as defined by Laws 2011, First Regular Session, Chapter 28, Section 11. The department shall reject as incomplete an

application that contains less than all of the tax periods under audit that are within the liability period. A taxpayer shall not include on an application for tax recovery any tax periods occurring before or after the liability period, even if included in the tax periods under audit.

- B. For purposes of this section, “tax periods under audit” means all of the tax periods
1. that were included in:
 - a. proposed assessments issued by the department, that were mailed to the taxpayer at the same time;
 - b. department requests for tax returns, that were mailed to the taxpayer at the same time;
 - c. department requests for information that were mailed to the taxpayer at the same time; or
 - d. department requests for scheduling an audit that were mailed to the taxpayer at the same time; and
 2. for which the taxpayer continues to have administrative or judicial appeal rights.

R15-10-704. Gross Income Tax Return

- A. An individual taxpayer that does not have sufficient information to fully complete the Arizona personal income tax return may file a gross income tax return. To file a gross income tax return, a taxpayer shall complete the form, Arizona Tax Recovery Application – Individual Gross Income Tax Return.

B. A taxpayer that files a gross income tax return shall use the following table to calculate the tax due. The tax rate is determined by locating the income range of the gross income for the tax year for which recovery is sought. The gross income for the year shall be multiplied by the tax rate listed under the income range for that tax year. For example, for 2004 if gross income is \$50,000, the tax due is \$975 (\$50,000 X .0195).

Tax Year	If The Gross Income Is:			
	\$0 Through- \$39,999	\$40,000 Through \$99,999	\$100,000 Through \$199,999	\$200,000 And Above
	Multiply It By:			
2004	.0121	.0195	.0255	.0399
2005	.0120	.0192	.0251	.0401
2006	.0113	.0179	.0233	.0374
2007	.0105	.0167	.0217	.0349
2008	.0102	.0167	.0216	.0336
2009	.0097	.0168	.0217	.0331

R15-10-705. Interest Calculation for Payment with Tax Recovery Application

A. By October 1, 2011, taxpayers applying for tax recovery shall pay the tax liability and interest for all the tax periods included in the tax recovery application. Taxpayers shall determine the interest amount to be included in this payment by using the interest chart located in subsection C below. Interest is computed for total tax amounts due for each year. If there is more than one tax period included on a tax recovery application in a year, the total tax amount due for the

year is determined by adding the total tax amount due for each tax period of the year.

- B. For the purpose of this rule “total tax amount due for a tax period” is determined by subtracting from the total tax liability due all withholding, estimated payments and other payments made or credits applied prior to the due date of the return. The total tax liability due is calculated in accordance with the applicable statutes, rules and tax form instructions. Payments received subsequently and credits subsequently applied from overpayments for tax periods included in the recovery application shall not be used to reduce the total tax liability for purposes of calculating the interest amount for the October 1 payment.
- C. For each year in which there is any tax period included in the tax recovery application, the taxpayer shall multiply the factor designated in the interest chart by the total tax amount due for that year. The product of this multiplication is the interest that is due for the year. For example, if for 2006 Mr. A has total tax due in the amount of \$500, the interest owed is \$90 ($\$500 \times .18$). He must pay \$90 of interest along with the payment of tax due by October 1, 2011.

Interest Chart	
Year	Factor
2004	.21
2005	.18
2006	.15
2007	.12
2008	.09
2009	.06

R15-10-706. Application of Payments and Credits

- A. Payments received pursuant to a tax recovery application shall be applied to the tax periods on the application starting with the oldest tax period and progressing chronologically until all the payments have been applied.
- B. Tax periods for which the taxpayer is entitled to a refund or credit may be included on a tax recovery application. The credit shall be applied to other tax periods included in the application in the order described in subsection A.
- C. For purposes of determining the total tax and interest due from a taxpayer applying for tax recovery, credits from overpayment of other tax periods shall be applied as if a payment had been received on the fifteenth day of April of the year following the calendar year of the tax period of the overpayment. For example, a taxpayer has an overpayment of income tax for calendar year 2004 and an underpayment of income tax for calendar year 2005. The credit from the overpayment in 2004 will be applied to the 2005 liability as if it were a payment made on April 15, 2005.
- D. No refund shall be given to a taxpayer for payments made or credits applied prior to September 1, 2011 for any tax periods included in a tax recovery application. If a credit for overpayment in one or more of the tax periods contained in a tax recovery application exceeds the total tax and interest liabilities for all other tax periods contained in the application, the amount due shall be reduced to zero but no refund shall be paid.