



# LEGAL ALERT

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## SNELL & WILMER

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## State of Arizona and City of Phoenix Tax Amnesty Programs Provide Incentives to Pay Back Taxes – Must Act Fast

The Arizona Department of Revenue (“ADOR”) and the City of Phoenix (“City”) are offering tax amnesty programs that could prove to be valuable incentives for taxpayers to shore up their outstanding tax liabilities. The ADOR program is effective from May 1, 2009 through June 1, 2009, and the City program is effective from now until June 15, 2009. Some of the specific program details are as follows:

### ADOR Program

- Provides reduced interest rate of three percent and full penalty abatement/waiver
- All taxes and interest must be paid by June 1, 2009, or benefit of amnesty is lost
- Available to most taxpayers, including individuals and businesses currently under audit and non-residents/out-of-state businesses, though certain limitations do apply
- Applies to income, withholding, luxury, transaction privilege (sales), and use taxes
- Applies to the following periods:
  - For all taxes that are due annually, amnesty available for any tax period beginning on or after January 1, 2002 and ending on or before December 31, 2007



- For all other taxes, amnesty available for any tax period beginning on or after January 1, 2003 and ending on or before December 31, 2007
- Appeal rights are waived for period covered by amnesty
- For taxpayers under audit, participation in amnesty program will not constitute taxpayer's agreement to ADOR's treatment of the contested issue for future periods
- Amnesty applications will be accepted between May 1, 2009 and June 1, 2009
- Available to any business that is currently licensed or should have been licensed
- Applies to all City transaction privilege (sales) tax classifications and the use tax
- Applies to all periods with delinquent City tax as of April 1, 2009
- Appeal rights waived for period covered by amnesty
- For taxpayers under audit, participation in amnesty program should not constitute taxpayer's agreement to City's treatment of the contested issue for future periods, but this issue should be confirmed with the City

### City Program

- Provides reduced interest rate of three percent and full penalty abatement/waiver
- All taxes and interest should be paid by June 15, 2009, though a short payment plan might be negotiated
- Amnesty applications will be accepted between April 15, 2009 and June 15, 2009

If you have any questions about these amnesty programs or would like assistance participating in these programs, please contact Craig McPike.



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Craig is a partner at the Phoenix office of Snell & Wilmer. His practice includes federal, state, and local tax matters, including taxation of for-profit and non-profit business organizations. His practice is concentrated in state and local tax matters and tax-exempt organizations.



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