

Alabama Department of Revenue

News Release

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Commissioner Signs First Taxpayer Assistance Order

Montgomery—One of the first orders of business conducted by the State Revenue Department in the start of the new fiscal year involved righting a wrong state income tax assessment. This was done, not by the cumbersome process the department had operated under for a number of years, but by a stroke of the revenue commissioner's pen signing the first taxpayer assistance order.

Upon recommendation by the department's Taxpayer Advocate, Kerry Brown, a \$2,611.78 individual income tax assessment was dismissed against a Florida resident because Alabama tax was determined not to be due on the income earned by the Florida resident, but only after all time frames for appeal had expired.

"The Alabama Taxpayer Advocate law, which allows this new procedure, was one of the most significant pieces of legislation passed this year," said State Commissioner of Revenue Michael L. Patterson. "Gov. Don Siegelman signed the legislation into law in April, and since that time we have been diligently working to resolve as many similar pending cases as possible," said Patterson.

"The new law provides the Revenue Department with the legal means to correct erroneous tax assessments in a simplified manner," explained Patterson. "Previously, if a taxpayer were assessed with an erroneous tax liability and did not challenge the assessment within a certain time frame established by law, the tax assessment became 'final.' In order to correct the assessment, the taxpayer first had to pay the tax liability—many times having to borrow the money—and then request a refund. Before procedures established by the Taxpayer Advocate law, this was the only way that such matters could be resolved. It was a very cumbersome process, and caused frustrations on the part of the taxpayer and for the department. Now with authority provided by the new Taxpayer Advocate law and the authority of taxpayer assistance orders, such red tape is eliminated," explained Patterson.

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Checks and balances are built into the law because all taxpayer assistance orders are public record orders and involve only assessments that are in error. Unlike most all other documents and tax return information handled by the Alabama Department of Revenue, taxpayer assistance orders are specifically exempted from state tax confidentiality laws.

The new law formally establishes the Taxpayer Advocate Office within the Alabama Department of Revenue and provides the taxpayer advocate with the authority to provide assistance to taxpayers in matters where the taxpayer has been erroneously assessed a tax liability.

The new law specifically gives the advocate the authority to:

- Waive a penalty for reasonable cause.
- Issue Taxpayer Assistance Orders granting relief when a tax erroneously assessed or reported is determined not to be due.
- Grant a refund that is due the taxpayer, but was denied in error.
- Provide such other relief as determined appropriate, including voiding any erroneously issued final assessment.

“The Office of Taxpayer Advocacy in no way allows business or individual taxpayers to bypass the normal operating procedures of the Revenue Department in resolving tax questions or collection matters. Rather it allows those taxpayers who have followed standard operating procedures, but find their tax matters still unsatisfactorily resolved, a final, independent channel to seek assistance,” said Patterson.

Information requests pertaining to taxpayer assistance orders will be handled through the Alabama Department of Revenue’s Disclosure Office. Public information requests must be received in writing or by facsimile and addressed to the Alabama Department of Revenue, Department Secretary, Disclosure Office.

For more information concerning Alabama’s Taxpayer Advocate, visit the department’s Web site at www.ador.state.al.us or call (334) 242-1055.