



COMMONWEALTH of VIRGINIA

Department of Taxation

September 25, 2014

The Honorable R. Lee Ware, Jr.
Chairman, House Finance Committee
Post Office Box 689
Powhatan, Virginia 23139

The Honorable S. Chris Jones
Chairman, House Appropriations Committee
Post Office Box 5059
Suffolk, Virginia 23435

The Honorable Walter A. Stosch
Co-Chairman, Senate Finance Committee
4551 Cox Road, Suite 110
Glen Allen, Virginia 23060

The Honorable Charles J. Colgan
Co-Chairman, Senate Finance Committee
10660 Aviation Lane
Manassas, Virginia 20110-2701

Dear Chairman Ware, Jr., Chairman Jones, Co-Chairman Stosch, Co-Chairman Colgan:

The 1996 General Assembly enacted Chapter 634, 1996 Acts of Assembly (HB 1451), which established the *Virginia Taxpayer Bill of Rights* (TBR). The legislation largely codified the Department of Taxation's existing procedures with respect to audit, collection and appeals processes. The legislation also requires that the Department furnish written explanations of its audit and collections processes to taxpayers, as well as create a formal problem resolution program and designate a Taxpayer Rights Advocate to oversee the program. Finally, the legislation created a requirement under Section 58.1-202 of the *Code of Virginia* for the Tax Commissioner to file an annual report detailing the procedures used in the agency's collection process, and how the TBR is implemented to assist with collections.

General Provisions

The TBR generally provides for rights associated with the Department of Taxation's routine interactions with taxpayers, and the internal controls the agency has in place to ensure that these rights are protected.

The rights specified under the general provisions of the statute are:

Public Contact:

- the right to be treated with dignity and respect;
- the right to prompt, courteous, and accurate responses to questions and requests for tax assistance;

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- the right to record meetings or, if we record the meeting, to purchase a transcript at cost;
- the right to request help from the Taxpayer Rights Advocate when issues have not been resolved through normal administrative processes;
- the right to be advised or represented by counsel or another qualified person;
- the right to receive simple, nontechnical statements that explain the Taxpayer Bill of Rights and the audit, collections, and appeals processes; and
- the right to have tax, penalty and interest abated when the taxpayer relies on binding written advice from a department employee, and that advice is later found to be incorrect.

Internal Controls:

- the right to have property protected during assessment, collection and enforcement processes;
- the right to have tax information kept confidential; and
- the right to procedures that ensure department employees are not paid, evaluated, or promoted based on the amount of assessments or collections made.

Taxpayer Rights Advocate / Problem Resolution Program

As required by the *Code of Virginia*, the agency's Taxpayer Rights Advocate oversees a problem resolution program staffed by the Customer Satisfaction team. The team's goal is to ensure that taxpayers have a clear understanding of Virginia's tax laws, as well as how the laws apply to each individual's case. The team was established to address taxpayer issues that were not resolved through normal administrative channels. The majority of these requests include issues from state, local and federal elected officials, offers in compromise related to requests for waiver based on reasonable cause, and requests for direct assistance from the Taxpayer Rights Advocate. The team also handles customer education functions, and can investigate systemic issues that may hinder the delivery of quality customer service.

In addition to overseeing the operations of the Customer Satisfaction Team, the Taxpayer Rights Advocate ensures resolution of cases, and investigates allegations of rights violations. During the fiscal year 2014, the Taxpayer Rights Advocate investigated four claims of rights violations, and found no evidence of violations in any of those cases. In addition, the team handled 47 dispute resolution cases addressed directly to the Taxpayer Rights Advocate or forwarded to the Advocate's office.

Beyond the scope of the operations and duties of the Taxpayer Rights Advocate and the Customer Satisfaction Team, every employee of the Department of Taxation is required to adhere to the provisions of the Taxpayer Bill of Rights. Routine procedures employed to protect taxpayer rights in customer contacts include stopping collection action on assessments during any appeals process, as well as negotiating installment payment plans and offers in compromise to settle liabilities in an equitable manner. In addition, the agency's published document entitled the *Virginia Taxpayer Bill of Rights* is given to taxpayers as part of every face-to-face audit or collections contact.

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Collection Processes

The Department of Taxation strictly adheres to the provisions of the Virginia TBR in its collection processes, particularly with respect to confidentiality of taxpayer information. When an assessment tax bill is issued, the taxpayer has 30 days to make payment or protest the assessment. If the taxpayer does not respond within that time, the Department may take collection actions to resolve the account. Examples of typical collection actions may include phone calls, letters, third party liens, and memorandum of liens.

The published *Virginia Taxpayer Bill of Rights* contains a complete description of the agency's collection and audit processes. In addition, the agency contracts with CGI, who subcontracts with Performant, to manage its outsourced collection accounts. Finally, the agency also contracts with TACS to manage all bankruptcy functions.

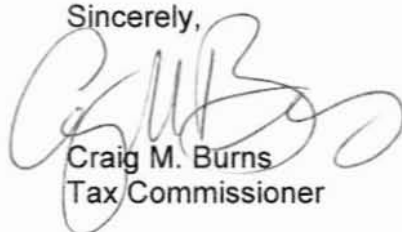
Any outside collection agency receive only limited information about the accounts they collect. In addition, the Department does not report information on outstanding tax liabilities and collection actions to credit bureaus. However, should a memorandum of lien be filed (at the circuit court) on a taxpayer, it may be picked up by a credit bureau as this document is public information.

Conclusion

The Department of Taxation takes its responsibilities under the Virginia TBR very seriously, and remains committed to making those rights an integral part of its business practices. A copy of the *Virginia Taxpayer Bill of Rights* booklet is attached. The booklet is also available on our web site at www.tax.virginia.gov, along with most tax forms and information designed to assist taxpayers in understanding and complying with Virginia's tax laws.

Should you or your staff have any questions, please contact me at (804) 786-3332.

Sincerely,



Craig M. Burns
Tax Commissioner

c: The Honorable Richard D. Brown, Secretary of Finance

Attachment: *Virginia Taxpayer Bill of Rights*

VIRGINIA TAXPAYER BILL OF RIGHTS



**Department of Taxation
P.O. Box 1115
Richmond, Virginia 23218-1115**

Help: (804) 367-8031 Individual E-mail: TaxIndReturns@tax.virginia.gov

Forms: (804) 440-2541 Web Page: www.tax.virginia.gov

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ADDRESSES AND PHONE NUMBERS

Main Office

Customer Services
Department of Taxation
Office of Customer Services
P.O. Box 1115
Richmond, Virginia 23218-1115
(804) 367-8031
(804) 254-6113 Fax

Other Offices

Collections Section
Department of Taxation
Collections
P.O. Box 1880
Richmond, Virginia 23218-1880
(804) 367-8045
(804) 786-2140 Fax

Customer Service Numbers - Tenemos servicios disponible en Español.

Individual Income Tax	804-367-8031
Business Taxes (Sales, Withholding and Corporation)	804-367-8037
Collections	804-367-8045
Practitioner/Locality Hotline	804-367-9286
Tele-Plan (Use to set up payment plans)	804-440-5100
Tele-Tax (Tax refund, tax information and Fax-back)	804-367-2486

INTRODUCTION

The Virginia Taxpayer Bill of Rights was enacted to ensure protection of taxpayers' rights in the tax determination and collection processes administered by the Department of Taxation. This publication provides an overview of your rights under this law.

Your Rights in General

The Virginia Department of Taxation's mission is to serve our customers by delivering an efficient, courteous, confidential and equitable tax revenue system. Our goal is to ensure that your rights are protected in all state tax assessment, audit, and collection procedures, so that you may have the highest confidence in the integrity of our tax system. You have the right to be treated with dignity and respect by our employees. You also have the right to receive prompt, courteous, and accurate responses to tax questions and requests for assistance and information. When you make a written request for tax information, you have the right to rely on our written advice.

Your Rights in Contacts with the Department of Taxation

During any contact you have with the Department of Taxation, you have the right to have anyone present with you. You may also be represented or advised by an attorney or accountant. If you desire to have anyone, including an attorney or accountant, represent you when you are not present, you must sign a power of attorney form authorizing that person to act in your behalf. See the appendix for forms and instructions for registering and filing a power of attorney. You also have the right to make an audio recording of any meeting held in connection with tax determination and collection actions, using your own equipment. You may suspend certain meetings to seek advice from your representative. Finally, you have the right to ask a Taxpayers' Rights Advocate for assistance with problems or complaints that have not been resolved through normal administrative channels. Information on the Taxpayers' Rights Advocate is discussed later in this publication.

Your Rights to Confidentiality

We keep all information about your tax liability in our records strictly confidential, including tax returns, correspondence, audit reports, and other

account information. Virginia law allows only limited release of tax information, and prohibits the Department of Taxation from releasing information to any individual or organization that does not have the legal right to receive it.

Filing and Paying Your Taxes

Our goal is to help you meet tax filing requirements and determine the correct amount of tax to pay. Our employees are responsible for carrying out the agency's mission according to Virginia law, and are not compensated, evaluated, or promoted on the basis of the assessments or collections they make. If you disagree with the amount owed, the method of computing the balance due, or the interpretation of Virginia law or department policy, you have the right to appeal our actions. You will find more information about your appeal rights later in this publication.

Payment Arrangements

If you cannot pay the full amount due on a tax return or bill, we will help you make payment arrangements or set up an installment payment plan. You may be required to provide a financial statement, both to prove financial hardship and to help us determine the best payment schedule for you. If your financial statement shows that you can pay the amount due, even if that would mean using available credit or securing a loan, you will be required to do so.

Bills You Receive From Us

If you do not pay the full amount due with a tax return, or if we assess an additional amount, we will send you a bill. The bill will clearly state the amount of tax, penalty, interest or other charges due, as well as the reason for the charges. If you receive a bill as the result of incorrect advice given to you in writing by one of our employees in response to your written request, you have the right to have the bill canceled, including any tax, penalty, or interest assessed, provided you presented full and accurate facts.

Audits and Examinations

We routinely audit tax returns and business tax records to ensure compliance with Virginia law. The selection of your return or account for audit does not mean you will owe additional tax. You have the right to a fair examination and a simple, nontechnical explanation of audit procedures, appeal processes, and changes made during an audit. You also have the right to know the reason for any request we make for additional information, as well as what will happen if you do not furnish the information.

Collection Actions

You have the right to receive a simple, nontechnical statement explaining collection procedures, appeal processes, and your rights during any collection proceeding. We prefer to work with you to arrange a payment plan, and we will not take action to collect an amount due until you have had 30 days to pay or make payment arrangements, except for Jeopardy Assessments. If you do not pay an amount you owe, or make arrangements for payment, we may take one or more of the actions described in the collections section of this publication.

Taxpayer Rights Advocate

The Taxpayer Rights Advocate will ensure prompt review and resolution of problems and complaints not handled through normal administrative procedures. The Taxpayer Rights Advocate will also ensure that your rights are protected in audit and collections procedures. You may request assistance from the Taxpayer Rights Advocate by contacting:

**Taxpayer Rights Advocate
Virginia Department of Taxation
P.O. Box 546
Richmond, Virginia 23218-0546
Phone: (804) 367-8031 for individual
(804) 367-8037 for business
FAX: (804) 786-1894**

When contacting the Taxpayer Rights Advocate, you will need to provide a detailed description of the problem or complaint and the steps you have taken to resolve the issue. Please include a daytime phone number in your request.

Appeals

You have the right to seek an informal review of any bill that you believe has been incorrectly issued or any refund that has been improperly denied. If you are not satisfied with the informal review you have the right to file an appeal to the Tax Commissioner and request that the bill be adjusted or refund be issued.

If you are not satisfied with the decision of the Tax Commissioner, you may apply for a ruling from the circuit court. If there is an administrative appeal or court case under consideration that is similar to your case, you may file your case with the Tax Commissioner as a protective claim, and request that your case be considered based on the outcome of the other appeal or case. Lastly, under certain circumstances, you can propose an offer in compromise for the tax, penalty, or interest assessed.

TAXPAYER RIGHTS AND TAX AUDITS

The Virginia Taxpayer Bill of Rights grants every taxpayer specific rights during an audit. This section explains those rights, describes the audit process, and explains how you may exercise your rights if you are audited.

Taxpayer Rights

You have the **right to:**

- **Be informed of the audit process, the audit procedures and appeal rights if selected for an audit.**
- **Have the audit conducted at a reasonable place and time, and completed in a timely manner.**
- **Be provided with an explanation of any changes made during an audit.**

The Audit Process

Tax returns are routinely reviewed in order to determine if a taxpayer has under reported taxes. Audits frequently conclude with no additional liability found, or a refund to the taxpayer. In addition, many examinations conducted by the department do not require a visit to your home or business. Questions concerning your returns can sometimes be resolved by telephone or letter.

Desk Audits and Examinations

Many examinations of returns are conducted by mail. Typically an examiner will write to you to request additional information about items on your return, or to notify you of errors that need to be adjusted. You will have the opportunity to respond to a notice before a bill is issued.

Automated Programs

Certain governmental agencies furnish the department information concerning Taxpayers' returns. The largest source of such information is the Internal Revenue Service, but information may be gathered from other federal, state, and local agencies. Information furnished by these sources is compared with Virginia tax returns to identify taxpayers who may have underpaid their Virginia tax liabilities or failed to file a return. All information received from other agencies, as well as information already in our files, is kept strictly confidential.

If we find a discrepancy in your tax return, we will send you a letter to:

- Identify the nature of the problem and explain possible changes in your liability;
- Invite you to provide additional information or explain why you disagree with these changes;
- Give you a date by which you should respond;
- Give you the name and telephone number of the department employee who is responsible for your case.

If you do not respond to the inquiry letter, or if you are unable to demonstrate that you do not owe additional tax, we will bill you for the additional tax, as well as applicable penalty and interest.

Field Audits

An auditor will notify you if your return or account is selected for an on site audit. The notice will describe the types of records that need to be made available, and the auditor will explain the planned audit method and procedures. The audit will be conducted in a timely manner, and the auditor will review the results with you. We will send you a copy of the audit report and explain your rights of appeal.

Field audits are conducted by in-state auditors or by auditors that are located throughout the country.

We will notify you if you are selected for a field audit:

- Arrangements for audits are made in advance, either by letter or by telephone.
- Audit appointments are made with the owner or corporate officer responsible for tax compliance. The auditor may work with anyone designated by the taxpayer.
- Audit appointments will include the day, time and place of the appointment.
- Audits are usually conducted at your place of business during normal work hours. In every case, we will work with you to minimize the impact of the audit on your schedule or your business operations.

- You will be advised of the general type of records needed to start the audit.

Before the audit, the auditor will do the following:

- Provide you with a copy of this publication and answer any questions you may have regarding your rights.
- Discuss the operation of your business, ask how your records are maintained, and ask you to identify other issues which may affect the audit.
- Discuss the specific audit process to be used.
- Tour your place of business, if necessary.
- Determine how your records will be reviewed.
- Determine the method in which the audit will be conducted. The method the auditor chooses will depend on a number of factors, such as the type of tax, the accuracy and availability of records and the size and complexity of your business. We may conduct a detail audit, which involves looking at all of your records, or we may look at a sample (portion) of your records.

While conducting the audit, the auditor will do the following:

- Determine the audit period. Audits are usually conducted for a three year period, but may be expanded up to six years if returns are not filed when required.
- Review your records and the returns you have filed.
- If necessary, ask you to voluntarily waive the statute of limitations on the audit period. This is usually done if additional time is needed to

conduct the audit. In addition, it can prevent issuing an assessment on unresolved factual issues that may be resolved through the audit process or informal review.

- Explain department policy and its application to your business transactions.
- Allow you adequate time to respond to our questions.

In concluding an audit we will do the following:

- Discuss our findings with you, or send you a letter explaining the changes.
- Explain any penalties to be billed. See Appendix.
- Discuss future filing responsibilities and answer any questions you may have concerning the audit.
- Provide you with a copy of the audit report identifying issues to be corrected for future compliance as necessary.
- Explain your rights to appeal should you disagree with the audit findings.

If our income tax audit raises an issue that affects your federal income tax, we may notify the Internal Revenue Service and will not create a bill until the issue is resolved at the federal level. If this procedure is utilized it will be discussed with you by the Audit Supervisor.

TAXPAYER RIGHTS AND TAX COLLECTIONS

The Virginia Taxpayer Bill of Rights grants every taxpayer specific rights in collection actions taken by the department. Among these is the right to receive, at or before a meeting regarding the collection of your account, a description of the collection process used by the Department of Taxation and your rights in that process. This section describes the collection process used by the department; your rights in that process and the procedures which you need to follow in order to exercise those rights.

Taxpayer Rights

You have the **right to:**

- **Be notified** before we take any collection action that could result in the loss of property, unless the department determines that collection would be jeopardized by delay.
- **Meet** with the department within 14 days of the date a jeopardy assessment is issued to:
 - explain why you believe that collection of the assessment is not in jeopardy and;
 - present any reasons why you believe that a Memorandum of Lien should be released if recorded against your property.
 - send you a written determination on this meeting within 20 days.
- **Have collection actions reviewed** by a department employee:
 - by coming in to the TAX office;
 - by making a phone call to the department; or,
 - by mailing or faxing a written explanation to the department.

To allow time for a review and to stop further collection actions, you should notify us that you are disputing the amount due before the payment due date.

- **Request procedures for a payment plan** to pay the taxes due.
 - If you have been contacted by a collection agency you should contact the agency that called or wrote to you. The address and phone number for the agency will be listed on the correspondence sent to you by the collection agency.
 - If you are contacted by one of our offices, you should contact that office.
 - In all cases, the procedure for requesting a payment plan is a simple verbal or written request from you.
- **Request procedures for release of a lien.** Contact us at the address or telephone number shown on the lien form and request

the lien release. Describe or, if telephoning, be prepared to describe the basis for your request.

Have a written notice issued to a credit agency stating that a lien was filed in error, if that is the case. The request for a notice to a credit agency must be made within three years of the release of the lien by the department.

The Collections Process

Payment Arrangements

When you receive a tax bill, and you have no reason to dispute it, the least costly solution to you is to pay the bill in full on or before the stated payment date.

If you are unable to pay your bill in a timely manner, you should contact us as soon as possible. In most cases, we will accept payment in monthly installments.

Because we are required to charge interest on unpaid tax balances, the shortest payment schedule that you can meet will result in the smallest cost to you. If your tax balance is small and the installment plan you request is for a short period of time, we can usually set up the payment plan with information provided in a telephone call from you. In other cases, you may be required to submit a current financial statement before we consider your request for a payment plan. Generally, payment plans are approved for a maximum of 12 months. The plan may be renegotiated at the end of the 12th month if you need additional time to pay.

Not all payment plans are approved. Payment plans may not be approved if:

- you have had a previous payment plan that was not paid promptly; or
- the amount due is not suitable for a payment plan.

If we agree to accept payment of a tax obligation in installments, you will receive a monthly payment reminder with the payment amount and due date printed on it. The payment agreement will stay in effect, and no other collection action will be taken, except for debt setoff transactions, if you do the following:

- Pay each installment by the due date (allow for mailing and processing time);
- Stay current with any state tax filing requirements and make timely payment of any other state tax obligations not covered in the payment plan;
- Provide us with correct, complete and current financial information when requested.

Depending on the amount due, the department may place a Memorandum of Lien (described below) on your property to secure the tax debt until the payment plan is completed.

Payment Plan Cancellations

If payments are late, or if you do not stay current on your tax obligations, we may cancel the payment plan and take other actions to collect the amount due.

Collection Actions

When a liability for your account is created, you are sent a bill statement giving you 30 days to pay. If there are no other outstanding bills on your account, we will take no collection action during this time.

If you do not pay your bill by the due date or make satisfactory arrangements for payment, we will take collection actions to resolve the account. Collection actions can consist of one or all of the following:

Phone Calls and Letters

Collection actions are intended to be taken in an order that will resolve delinquent accounts at the smallest cost and with the least impact on you. Usually our first effort will be to attempt to contact you by telephone or letter. If, however, your account has been delinquent in the past, this step may be bypassed.

Third Party Liens

We may place a lien against your bank account or a garnishment with your employer. This means that funds from your bank account or paycheck will be paid directly to the Department of Taxation to satisfy your debt.

If this action would cause severe hardship, you should contact the department to negotiate an alternative payment arrangement to settle the debt. If you agree to have a specific amount withheld from your wages each pay period to pay the debt, please make sure that your employer approves this arrangement and will forward the payments to the department.

A third party lien is usually not released until the debt is paid or otherwise resolved. More than one lien may be sent on an account. A third party lien is not a matter of public record, but your bank may report the lien to credit bureaus.

Memorandum of Lien

A Memorandum of Lien is recorded as a judgment against your property in favor of the state. When we file a judgment with a circuit court, it remains in effect for 20 years, or until the underlying debt is resolved. Your ability to sell, refinance or otherwise dispose of the property listed on the Memorandum of Lien will be affected until it is released.

Taxpayers must contact the department for a Memorandum of Lien release. Generally, liens are not released unless the amount due to the Commonwealth has been paid or otherwise resolved. Although we do not report tax account information to credit bureaus, a Memorandum of Lien is a matter of public record and may harm your credit rating.

Erroneous Liens

If you believe that a lien, either a third party lien against your wages or bank account, or a Memorandum of Lien against your property, has been placed in error, you can request that the lien be released.

You should notify us immediately at (804) 367-8045 if you believe that a lien has been issued against you improperly. We will research the issue and may delay collection action to allow time for a review of the account.

Conversion of Business Liabilities

If your business does not pay its bills, we can "convert" or transfer the unpaid tax liability to the responsible officers of the business. Before transferring the liability, we will notify you in writing and allow you to present information to show why you should not be held personally liable for the business tax bills.

Visits

Representatives may visit your home or business. Generally, we do not make home visits, unless you have a home based business. Business visits are made during normal business hours.

Padlocking

If initial collection efforts are unsuccessful, a business may be padlocked. You will be given at least 10 days notice of your scheduled hearing to determine whether the business will be padlocked. You will be able to present evidence at the hearing to show why the business should not be padlocked. If the terms agreed on at the hearing are not honored, or if a suitable agreement cannot be reached, we may revoke the company's sales tax certificate and business registration and/or padlock the business. If the business is padlocked, the department may cause the assets of the business to be sold.

Revocation of the Certificate of Registration

If you do not pay your sales tax, your certificate of registration authorizing collection of the tax may be revoked. Once a certificate is revoked, the business must stop making sales. Prior to revoking the certificate, we will notify you by letter of a hearing at which you may present evidence to support your case.

Bonds

If your business is frequently delinquent or you are, or were, an officer of another business with a history of delinquency, we may require that you post a bond in order to continue operating. A bond can be posted in the form of cash, securities, line of credit, etc. The bond can be seized, without notice, to satisfy an outstanding tax liability.

Seizure of Assets

If we are unable to collect your tax liability through other means, we may direct the sheriff to seize and sell your property. Before this action can be taken, we will send you a notice giving you ten days to settle the liability. If the liability is not satisfied, the sheriff will proceed to sell the property.

Summons/Notice to Appear in Lieu of Summons

This is a formal written notice requesting that you attend a scheduled meeting with a department representative to answer questions on your tax debt. This is not a legal proceeding. However, if you do not appear, we may seek a court order to compel compliance, or we may take more severe collection action.

Debt Setoff

If you are due a tax refund, win a lottery prize, or provide goods or services to the Commonwealth, we are required by law to take the payment owed to you and apply it to your tax debt, or other unpaid state or local debt. If this happens, you will be notified in writing and will have the opportunity to protest the action.

Jeopardy Assessments

If the Tax Commissioner determines that collection of a balance due will be jeopardized by delay, we will issue a jeopardy assessment. This accelerated assessment and collection process is rarely used. If we issue a jeopardy assessment, you have 14 days to make an oral or written objection. We will review the information presented and respond in writing within 20 days. If we filed a memorandum of lien it will remain in force throughout the jeopardy review period.

Office Referrals and Collection Agencies

Accounts may be referred to one of our collection representatives when less severe actions have not been effective. A representative may contact you by phone or letter or visit your business or home. Additionally, the representative may initiate the following actions:

- require you to post a bond in order to continue in business,
- revoke your certificate of registration,
- conduct a hearing to determine liability, and
- padlock the business until the tax payments are made. If payment is not made after a padlock action, the district representative will initiate a sheriff's sale to dispose of the assets in order to pay the tax debt.

Collection Agencies

The department contracts with commercial collection agencies to assist in collecting overdue taxes. If your account is assigned to a collection agency, you will receive a notice from the collection agency that provides a name, address and phone number for contacting the agency.

Once an account is assigned to a collection agency, you should work with the agency until the amount is paid in full. Collection agencies must adhere to the Fair Debt Collections Practices Act.

If you believe that a collection agency is acting improperly, you should contact the Department at (804) 367-8045 or write to the Collections section, P.O. Box 1880, Richmond, VA 23218-1880.

TAXPAYER RIGHTS IN THE APPEALS PROCESS

If you believe that a bill has been incorrectly issued or a refund has been improperly denied, you have a right to request that the bill be adjusted or the refund be issued. This section describes the appeals process, your rights in that process and the procedures that you need to follow in order to exercise your rights.

Taxpayer Rights

You have the right to:

- **Receive an informal review** when you disagree with a bill that you received or a refund that you were denied.
- **Receive, upon request, simple and nontechnical statements of your appeal rights** with the department.
- **Appeal your case to the Tax Commissioner** if you disagree with the finding of an informal review conducted by the department. (Time limits apply. See Below).
- **File a protective claim with the Tax Commissioner** in order to protect your right to claim a refund of taxes paid in error. (Time limits apply. See Below).
- **Appeal your bill to a circuit court** for relief if you disagree with the decision of the Tax Commissioner on your case. (Time limits apply. See Below).
- **Request an offer in compromise** if you can show reasonable cause for reducing or waiving penalty or show doubtful liability or collectibility for reducing or waiving the tax and interest.

The Appeals Process

Informal Review

Return Errors and Desk Audits

Tax returns that are filed with the department may be adjusted because an error was identified on the return. For example, an individual income tax return with a missing Form W-2 (Wage and Tax Statement) may cause a bill to be issued by the department. If we adjust your return, we will send you a letter of explanation and a bill. A desk audit is an examination of a tax return at the central office of the department to determine if a return is filed according to Virginia law. Desk

audits are usually based on programs that collect tax information from department records and from other government agencies, such as the Internal Revenue Service. You may be sent a letter describing the results of a desk audit and the amounts that you will be billed if a reply to the letter is not received within a specified time.

Assessment

The assessment of tax, penalty and interest is a formal act that starts time limitations on various administrative and judicial appeal rights, as well as authorizes various collection actions by the Department. If you have received a letter stating that the department intends to assess additional tax (for example, after a desk or field audit), and you believe that the proposed assessment is erroneous, **you should promptly request an informal review.** If the issues can be resolved informally before an assessment is issued, there may be no assessment, or the assessment may be issued in the correct amount.

If the tax has been assessed you may still request an informal review, but **your rights to formal administrative and judicial review will not be extended while an informal review is pending.**

Therefore, the Department encourages taxpayers to resolve issues informally, before assessment, if possible. If the statute of limitations is about to expire on the Department's right to assess a tax, it is usually in both parties interest to sign a waiver extending the period to assess the tax so that an informal review can take place.

Requesting an Informal Review

If you receive a letter or bill that results from an error on your return or a desk audit, and you disagree, you should contact a representative from the Customer Services Section or the examiner identified on the letter. You should explain the reasons why you disagree and furnish any information or documentation needed

to support your position. If necessary, you may request a meeting with the representative to discuss your case. The representative will adjust your account or give you a full explanation of your letter or bill. If you disagree with the explanation of the representative, you may request that the supervisor further review your case.

Field Audits

A field audit is performed when an auditor makes an appointment to audit your records at your place of business, your accountant's office, or other place where you and the auditor agree. Once an audit is completed, you may provide any additional information needed to support your position on a particular issue. We encourage you to provide additional information to the auditor. You can often save the time and expense of an appeal by providing full or clarifying information before the assessment is issued. If necessary, the audit report will be adjusted. If you do not agree with the final results of the audit, you may request a meeting with the Audit Supervisor to review your case. When the audit has been reviewed, you will be notified of the results, and appropriate adjustments will be made to the audit report. If there is any additional tax due, we will issue an assessment for the additional tax and appropriate penalty and interest.

Collection Matters

After the initial notice of an assessment has been issued, you will receive bills for the tax, penalty and interest owed that reflect any payments, adjustments, and additional accrued interest since the assessment. At any time during the collection process you may question the accuracy of a bill (e.g. payment credits, accrued interest), ask for an installment payment agreement, or propose an offer in compromise. However, your right to contest the accuracy of the assessment on which a bill is based may be limited after it moves to a formal collection stage because certain administrative and judicial remedies are only available for limited times after the date of assessment. You may also present objections to the actions we take to collect the bill. An informal review of your objections to collection actions may be obtained by discussing your issues directly with the collection agent assigned to your

case, or you may ask to speak to or meet with that employee's supervisor. If you are unable to resolve your objections informally, you may file an application with the Tax Commissioner or with the circuit court explaining in detail how any amount was improperly collected from property that was exempt from process.

Taxpayer Appeal Rights

We make every effort to resolve disputed assessments through informal reviews. If you are not satisfied with the results of your review, you have the right to appeal your assessment.

Appeal to the Tax Commissioner under Code of Virginia §58.1-1821

You have the right to file an appeal directly with the Tax Commissioner if you believe that the Department has incorrectly assessed tax, penalty and interest. A complete appeal, with all relevant facts, citation to controlling legal authority, argument, and supporting documents, must be filed with the Tax Commissioner within 90 days of the date of the assessment. **This 90 day limitation is strictly enforced.** While no special form is required to file an appeal, certain information is required. An optional cover sheet is available that ensures that the required information is supplied, and you are encouraged to use it. (See appendix.) Incomplete filings that must be returned for additional information will not qualify as a timely filing for purposes of the 90 day statutory deadline. If you have not filed an appeal within 90 days, you must pay the full amount of the assessment and file a protective claim for refund with the same information required for an appeal.

Once your appeal is received, further collection action by the Department will be discontinued until the Tax Commissioner makes a final determination on the appeal. Interest on any unpaid balance, after adjustments required by the final determination, if any, will accrue while the appeal is pending. Therefore, you should promptly pay the uncontested portion of an assessment to avoid additional interest. You may pay the full assessment without affecting your appeal rights, and if any portion of a paid assessment is found to be erroneous, that portion will be refunded to you with interest.

If you do not agree with the decision of the Tax Commissioner, you have the right to file an application for correction of the assessment with the circuit court.

Filing a Protective Claim under Code of Virginia §58.1-1824

You have the right to file a protective claim for refund. A protective claim preserves your right to have a department decision reversed when another taxpayer, whose liability arises from the same issue as your liability, is pursuing an administrative appeal with the Tax Commissioner or is seeking a judicial remedy in court. To file a protective claim, you must do the following:

- Pay all assessed tax, penalties, and interest with interest accrued to the date of payment;
- Write a letter to the Tax Commissioner within three years of the date of your assessment (there is no special protective claim form; however use of the appeal cover sheet is encouraged); and
- Furnish information regarding the type of tax involved, taxable period, date and amount of the bill, payments toward the bill, and a detailed explanation of the contested issues, along with documentation; and
- Request a determination based on the submission, or request that the claim be held pending resolution of another case. You must show that the facts and laws that apply to your case depend on the outcome of another specific case pending with the department or in the court.

Upon receiving your protective claim, the Tax Commissioner may decide the protective claim based on the merits in the same manner as under Code of Virginia §58.1-1821 or, at his discretion, 16 may hold the claim without action until the pending case is resolved. If the Tax Commissioner or the court rules in favor of the other person whose case your protective claim was based, you will be notified in writing. The department will issue a refund of the amount you previously paid with interest. If the Tax Commissioner discovers that the case was not ruled in the favor of the other person, then the Tax Commissioner will deny your protective claim. If you disagree with the Tax Commissioner's decision, you

have the right to appeal the decision of the Tax Commissioner to a circuit court within one year from the Tax Commissioner's decision, or within three years from the date of your assessment, whichever is latest.

Appeal to the Court under Code of Virginia §58.1-1825

You have the right to apply to a circuit court if you disagree with the decision of the Tax Commissioner in your appeal. You are not automatically required to pay the assessment in full or post a bond before appealing to the court. You should consult a lawyer for advice and assistance with any application to the court.

If you feel that an assessment has been improperly collected from property exempt from process, you may within three years from the date such assessment is made, or if later, within one year of the Tax Commissioner's decision on a process exemption claim under §58.1-1821 apply to a circuit court for relief.

The Tax Commissioner may collect on any assessment if it is determined that the collection of that assessment is in jeopardy.

Filing an Offer in Compromise under Code of Virginia §58.1-105

An offer in compromise is a proposal from you to settle your tax bill for less than the full amount. The offer will be considered based on available information. If you have been assessed penalty, the penalty can be reduced or waived entirely for good cause.

Tax and interest may not be reduced or waived by the Tax Commissioner unless you can show that the liability is doubtful or that it is doubtful that the bill can be collected.

If you want to request an offer in compromise, you should write to the Tax Commissioner describing the type of tax involved, taxable period, date and amount of the bill, and include a detailed explanation, along with supporting documentation, of the reasons why the tax, penalty or interest should be reduced or waived. A check for the amount of the offer should be included with your letter. The check will be applied to your account. The deposit of your check does not indicate the acceptance

or denial of your offer. If you are not making a payment with the offer submission, you should indicate when and how payment will be made. If your offer is made because you cannot pay the bill, you must also include a signed Financial Information Statement. This form is available at any of the offices listed in this publication. If the Tax Commissioner accepts your offer, any amounts waived will be removed from the bill. If your offer is not accepted, the balance of the bill must be paid.

You may fax your appeal or offer in compromise with supporting documentation to the Tax Commissioner (804) 786-3536, or mail it to:

Tax Commissioner
Department of Taxation
P.O. Box 2475
Richmond, Virginia 23218-2475.

APPENDIX

Use Tax Compliance Ratio Computation

Offer in Compromise forms

Individual Request for Settlement

Business Request for Settlement

Financial Information Statements

Administrative Appeal for Virginia Code 58.1-1821

POA Forms and Instructions

Use Tax Compliance Ratio Computation

Background

The Department of Taxation has revised its policy regarding the application of penalty to audit deficiencies (Title 23 of the Virginia Administrative Code 10-210-2032). The application of audit penalty is based on the level of compliance exhibited by the taxpayer in complying with Virginia tax laws. For retail sales and use tax assessments issued on or after October 1, 1999, the department will allow the taxpayer to calculate an Alternative Method of computing the use tax ratio that takes into account taxes paid to vendors.

Calculation of Use Tax Compliance Ratio

The department will continue to compute the use tax compliance ratio as follows:

$$\frac{\text{Measure reported}}{\text{Measure reported} + \text{Measure found}} = \text{Compliance ratio}$$

Provided the taxpayer's use tax compliance does not meet 60% for the second generation audits, or 85% for third and all subsequent audits, the audit penalty will be applied.

Alternative Method of Computing Use Tax Compliance as Calculated by the Taxpayer

If penalty is applied based on the department's calculation of the use tax compliance ratio, the taxpayer has the option of calculating the use tax compliance ratio, under the alternative method below.

$$\frac{\text{Measure reported} + \text{Measure paid to vendors}}{\text{Measure reported} + \text{Measure Paid to vendors} + \text{Measure found}} = \text{Compliance ratio}$$

It is the taxpayer's responsibility to compute the above compliance ratio and provide the auditor with documentation supporting the computation. The taxpayer must compute the alternative ratio based on a review of purchases for the same period used by the auditor to compute the traditional compliance ratio. Tolerances for the alternative method will remain the same as those of the traditional compliance ratio.

If it is determined that the use tax audit is applicable based on the traditional compliance ratio calculations, the auditor will advise the taxpayer. If the taxpayer desires to recalculate the compliance under the alternative method, the auditor will separately assess the audit penalty as a contested issue. The taxpayer must complete the alternative method calculations and provide the documentation to the auditor within 60 days of the audit assessment. If the use tax compliance falls within the acceptable tolerances based on the alternative method calculations, the audit penalty will be abated.



Commonwealth of Virginia

Department of Taxation

OFFER IN COMPROMISE INDIVIDUAL REQUEST FOR SETTLEMENT

Name / Address of Taxpayer(s) _____

Social Security Number(s) _____

TO: TAX COMMISSIONER

I/We submit this offer to settle tax, interest, and penalties for the periods indicated below.

Individual income or fiduciary income for the year(s): _____

I/We offer to pay \$ _____ Payment attached

If you are unable to enclose the full amount offered, state when the full payment will be received.
Example: within ten (10) days from the date the offer is accepted.

I/We submit this offer for the reason checked below:

- Doubt as to collectibility. My financial statement is attached.
- Doubt as to liability. My detailed explanation is attached.
- Request for waiver of penalty due to reasonable cause. My detailed explanation is attached.

***See following page for terms and conditions.**

I/We, the undersigned, declare that I/we have examined this offer, including accompanying schedules and statements, and to the best of my/our knowledge, it is true, accurate, and complete. I/We hereby grant the power of attorney to act for me/us to compromise the above referenced liability(ies) to _____ . Also, I/we grant authorization to verify any financial data by use of a credit report.

Signature of Taxpayer(s) _____ Date: _____

Daytime Phone: _____

Signature of Taxpayer's Representative _____ Date: _____

Daytime Phone: _____

OFFER IN COMPROMISE – TERMS AND CONDITIONS

Section 58.1-105 of the *Code of Virginia* allows the Tax Commissioner to compromise and settle doubtful or disputed claims for taxes or tax liability of doubtful collectibility. The Department of Taxation will consider Offer in Compromise under the following circumstances:

- Doubtful Collectibility:** You cannot pay the bill. You must submit a current financial statement with the Offer in Compromise request form.
- Doubtful Liability:** You question office audit procedures and/or an established tax law. You must provide a detailed explanation with the Offer in Compromise request form.
- Request for Waiver of Penalty:** Extenuating circumstances caused late filing or late payment. You must submit a detailed explanation with the Offer in Compromise request form. The department will consider waiver for penalties only due to reasonable cause. Taxes and/or interest can be waived in cases of **doubtful collectibility**.

**DO NOT FILE AN OFFER IN COMPROMISE IF YOUR BILL IS INCORRECT. To protest the bill, contact the Office of Customer Service at:
(804) 367-8031 or
P.O. Box 1115, Richmond, VA 23218-1115.**

- ❖ In submitting an Offer in Compromise, you must complete the **Offer in Compromise Individual Request for Settlement** form and attach supporting documents to validate your case. Mail the completed form and attachments to the address below. Make checks payable to *Virginia Department of Taxation*. If help is needed to complete the form, and the offer is based on doubtful collectibility, call (804) 367-8045. If the offer is based on doubtful liability or a request for penalty waiver, call (804) 367-8031.
- ❖ If you have both individual and business bills to settle, submit an offer for all outstanding individual or fiduciary income tax accounts. Submit a separate Offer in Compromise – Business Request for Settlement form for business taxes.
- ❖ You are not required to make a payment when the offer is submitted. Clearly indicate on the Offer in Compromise Request form when the Department will receive payment. If a check is submitted with the offer it will be deposited upon receipt. The check's deposit does not mean that the offer is accepted.
- ❖ Your Offer in Compromise will be reviewed. If accepted, a letter will be sent to outline the terms and conditions for payment. If the terms outlined are not met the acceptance becomes void. If the offer is not accepted, a letter of denial and/or subsequent terms for settlement of your account will be sent. You may resubmit the Offer in Compromise providing there is new or additional information.
- ❖ Your attorney, tax preparer, or other representative can submit an Offer in Compromise request form in your behalf. Both you and your representative must sign the submitted form.

Mail the completed form and attachments to:

Tax Commissioner
Virginia Department of Taxation Attn: CICT
P.O. Box 2475
Richmond, VA 23218-2475

The Department of Taxation may accept, amend, or deny an Offer in Compromise based on facts presented.

FINANCIAL INFORMATION STATEMENT

SECTION I PERSONAL INFORMATION (complete all blocks)

1. Taxpayer(s) Name(s) and Address:	2a) Taxpayer's Social Security #:	3. Home Phone #: (____)_____	4. Taxpayer Daytime Phone # (____)_____
	2b) Birth date: _____	Best time to contact: _____	(____)_____
	2c) Spouse's Social Security #:	5a) # of Dependents: (____)	6. Spouse's Daytime Phone # (____)_____
	2d) Birth date: _____	5b) Ages: _____	(____)_____

SECTION II EMPLOYMENT INFORMATION

7. Name and Address of Taxpayer's Employer:	8a) (circle as appropriate): Owner Commissioned Partner Salaried Hourly	9a) Other Income: (explain) (examples are part time, social security, unemployment, etc.):
	8b) Annual GROSS Income: \$	9b) Other monthly income amount: \$
10. Name and Address of Spouse's Employer:	11a) (circle as appropriate): Owner Commissioned Partner Salaried Hourly	12a) Other Income: (explain) (examples are part time, social security, unemployment, etc.):
	11b) Annual GROSS Income: \$	12b) Other monthly income amount: \$

SECTION III GENERAL FINANCIAL INFORMATION

13. BANK ACCOUNTS: ASSETS (includes checking, saving, IRA, Certificates of Deposit, other investments, etc)

Name of Institution:	Address:	Type of Account:	Account Number:	Balance:

14. BANK ACCOUNTS: LIABILITIES (Includes mortgages, automobiles, charge and credit cards, line of credit, etc.)

Name of Institution:	Address:	Type of Account:	Account Number:	Monthly Payment:	Balance:

(Attach additional sheets, if necessary)

SECTION IV

GENERAL FINANCIAL INFORMATION

(Continued)

15. LIST AUTOMOBILES OWNED: (include boats, trailers, recreational vehicles, etc.)

Vehicle 1			Vehicle 2		
Year, make, model	Estimated value:	Balance owed:	Year, make, model	Estimated value:	Balance owed:

16. LIST REAL PROPERTY:

Brief description:	Address:	Estimated value:	Balance owed:
Brief description:	Address:	Estimated value:	Balance owed:

17. PLEASE ATTACH A STATEMENT IF ANY OF THE INFORMATION BELOW PERTAINS TO YOU:

- a) Bankruptcy
- b) Repossession
- c) Participation in profit sharing, estates, etc.
- d) Court proceedings
- e) Recent federal tax audits
- f) Sale of stocks, bonds, etc.

SECTION V

MONTHLY INCOME AND EXPENSE STATEMENT

18. INCOME	NET INCOME	19. EXPENSES	MONTHLY PAYMENT
Taxpayer - Net Wages/Salaries:		Mortgage/Rent (CIRCLE ONE)	
Spouse - Net Wages/Salaries:		Secondary Mortgage Payment:	
Interest Income:		Bank Cards: (Credit Cards)	
Pension Income:		Department Store Cards/Payments:	
Child Support Income:		Installment Loans: Automobile:	
Alimony Income:		Automobile:	
Rental Income:		Other: _____	
Business Income:		Other: _____	
Distributions:		Groceries:	
Other:		Utilities: Phone, Gas, Electric, Water	
		Child Support Payments:	
		Insurances: Life, Health, Home, Auto	
		Court Ordered Payments:	
		Transportation:	
		Tax Payments: IRS Payment Plan:	
		Current Yr Federal Estimated Payments:	
		Current Yr Virginia Estimated Payments:	
		Other:	
		Other Expenses: (list and explain)	
TOTAL MONTHLY INCOME:	\$	TOTAL MONTHLY EXPENSES:	\$

CERTIFICATION: Under penalties of perjury, I (we) declare that to the best of my (our) knowledge and belief, this statement of assets, liabilities and other information is true, correct and complete.

20. Taxpayer's Signature:	21. Spouse's Signature:	Date:
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Commonwealth of Virginia
Department of Taxation

Offer In Compromise
Business Request For Settlement

Name Of Business _____ FEIN _____

Address Of Business _____ Va. Account No. _____

_____ Telephone No. _____

T/A Name, If Different _____

To: Tax Commissioner

I/We submit this offer to settle tax, interest, and penalties for the periods indicated below.

Sales Tax For The Period(s): _____

Withholding Tax For The Period(s): _____

Corporate Tax For The Period(s): _____

Other (Specify) For The Period(s): _____

I/We Offer To Pay \$ _____ Payment Attached

If you are unable to enclose the full amount offered, state when the full payment will be received. (Ex.: within ten (10) days from the date the offer is accepted.) _____

I/We submit this offer for the reason checked below:

- Doubt As To Collectibility. My financial statement is attached.
 Doubt As To Liability. My detailed explanation is attached.
 Request For Waiver Of Penalty Due To Reasonable Cause. My detailed explanation is attached.

* See following page for terms and conditions.

I/We, the undersigned, declare that I/we have examined this offer, including accompanying schedules and statements, and to the best of my/our knowledge, it is true, accurate, and complete. I/We hereby grant the power of attorney to act for me/us to compromise the above referenced liability(ies) to _____. Also, I/we grant authorization to verify any financial data by use of a credit report.

Signature of Taxpayer(s) _____ Date: _____

Daytime Phone: _____

Signature of Taxpayer's Representative _____ Date: _____

Daytime Phone: _____

Offer In Compromise – Terms And Conditions

Section 58.1-105 of the *Code of Virginia* allows the Tax Commissioner to compromise and settle doubtful or disputed claims for taxes or tax liability of doubtful collectibility. The Department of Taxation will consider Offer in Compromise under the following circumstances:

- **Doubt As To Collectibility:** You cannot pay the bill. You must submit a current financial statement with the Offer in Compromise request form.
- **Doubt As To Liability:** You question office audit procedures and/or an established tax law. You must provide a detailed explanation with the Offer in Compromise request form.
- **Request For Waiver Of Penalty:** Extenuating circumstances caused late filing or late payment. You must submit a detailed explanation with the Offer in Compromise request form. The department will consider waiver for **penalties only** due to reasonable cause. Taxes and/or interest can be waived in cases of **doubtful collectibility**.

To apply for correction of an incorrect bill, contact the Office of Customer Service at: (804) 367-8037 or P.O. Box 1115, Richmond, VA 23218-1115

- In submitting an Offer in Compromise, you must complete the **Offer in Compromise Business Request for Settlement** form and attach supporting documents to validate your case. Mail the completed form and attachments to the address below. Make checks payable to *Virginia Department of Taxation*. If help is needed to complete the form, and the offer is based on doubtful collectibility, call (804) 367-8045. If the offer is based on doubtful liability or a request for penalty waiver, call (804) 367-8037.
- If you have both individual and business bills to settle, submit one offer for all outstanding business taxes. Submit a separate Offer in Compromise - Individual Request for Settlement form for individual income tax.
- You are not required to make a payment when the offer is submitted. Clearly indicate on the Offer in Compromise Request form when the Department will receive payment. If a check is submitted with the offer it will be deposited upon receipt. The check's deposit does not mean that the offer is accepted.
- Your Offer in Compromise will be reviewed. If accepted, a letter will be sent to outline the terms and conditions for payment. **If the terms outlined are not met the acceptance becomes void.** If the offer is not accepted, a letter of denial and/or subsequent terms for settlement of your account will be sent. You may resubmit the Offer in Compromise providing there is new or additional information.
- Your attorney, tax preparer, or other representative can submit an Offer in Compromise request form in your behalf. Both you and your representative must sign the submitted form.

**Mail the completed form and attachments to:
Tax Commissioner
Virginia Department of Taxation
Attn: CICT
P.O. Box 2475
Richmond, VA 23218-2475**

The Department of Taxation may accept, amend, or deny an Offer in Compromise based on facts presented.

Financial Information Statement For Businesses

Section I - BUSINESS NAME AND ADDRESS (Complete All Blocks)

1. Business Name(s) And Address	2. Virginia Business Account No.	3. Federal ID No.
	4. Business Phone No.	5a. Other Contact Phone No.
	5b. Other Contact Name	
6. Business Organization <input type="checkbox"/> Sole Proprietor <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation <input type="checkbox"/> Other _____		
7. Description Of Business		

Section II - Officers, Owners, Shareholders, Partners Information

8. Pertinent Information On Officers, Owners, Shareholders, Partners, Etc.				
Name And Title	Home Address	Telephone Number	Social Security No.	Total Share Of Interest

Section III - Banking, Credit And Property Information

9. Banking Information To Include Checking, Savings, Money Market, Payroll, Etc.				
Name And Address Of Institution	Type of Account	Name Account Listed	Account No.	Balance
10. Current Available Credit To Include Loans, Credit Cards, Etc.				
Name And Address Of Institution	Type Of Credit	Available Credit	Name On Account	Has Resource Been Contacted?
				<input type="checkbox"/> Yes <input type="checkbox"/> No
				<input type="checkbox"/> Yes <input type="checkbox"/> No
				<input type="checkbox"/> Yes <input type="checkbox"/> No
11. Property To Include Real Estate, Non-Necessities, Etc.				
Type Of Property	Ownership Listed As	Value	Location Of Property	Used As Collateral For Previous Loans?
				<input type="checkbox"/> Yes <input type="checkbox"/> No
				<input type="checkbox"/> Yes <input type="checkbox"/> No

Attach additional information, if necessary

Section IV - Accounts And Notes Receivable Information

12. Accounts/Notes receivable (Include Loans To Stockholders, Officers, Partners, etc.)				
Name	Address	Amount Due	Date Due	Status
		\$		
		\$		
		\$		
		\$		
		\$		

Section V - Assets And Liability Statement

13. Asset And Liability Analysis (Total)						
Description	Current Market Value	Liabilities Balance Due	Equity In Asset	Amount Of Payment	Name/Address Of Institution Lien Holder	Contact Telephone Number To Verify
Cash On Hand						
Bank Accounts						
Account/ Notes Receivable						
Real Property	1					
	2					
	3					
	4					
Vehicles (model,yr.,license)	1					
	2					
	3					
Machinery/ Equipment	1					
	2					
	3					
Merchandise Inventory						
Other Assets	1					
	2					
	3					
Other Liabilities	1					
	2					
	3					
Federal Taxes						
State Taxes						
Local Taxes						
Total	\$	\$	\$	\$		

Section VI - Income And Expense Statement (Continued)

Period Ending		Period (Check One) <input type="checkbox"/> Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly	
14. Income	Income	15. Expenses	Monthly Payment
Gross Receipts From Sales, Service, Etc.	\$	Materials Purchased	\$
Gross Rental Income		Net Wages And Salaries	
Interest		Rent	
Dividends		Installment Payments	
Other Income (Specify):		Supplies	
		Utilities/Telephone	
		Repairs And Maintenance	
		Insurance	
		Current Taxes	
		Other (Specify):	
Total Income	\$	Total Expenses	\$
		Net Difference (Total Income - Total Expenses)	\$

Comments:

Certification

Under penalties of perjury, I declare that to the best of my knowledge and belief, this statement of assets, liabilities and other information is true, correct and complete.

Signature _____ Date: _____

**Virginia Department Of Taxation
Administrative Appeal Pursuant To Virginia Code §58.1-1821**

Taxpayer Information

Name of Taxpayer _____
Mailing Address _____

Administrative Appeal Information

Tax Contested (Check All That Apply)

Tax Type	Tax Period(s) or Taxable Year(s)
<input type="checkbox"/> Individual Income Tax	_____
<input type="checkbox"/> Corporate Income Tax	_____
<input type="checkbox"/> Retail Sales And Use Tax	_____
<input type="checkbox"/> Other (Specify) _____	_____

Virginia Department Of Taxation Account Number _____

FEIN Or SSN _____

Date(s) Of Assessment(s)	Bill Number(s)
_____	_____
_____	_____
_____	_____

Issue(s) - State In As Few Words As Possible The Issue(s) You Are Contesting

Controlling Legal Authority (Please Cite Specific Relevant Authorities)

Virginia Code _____

Regulations (Virginia Administrative Code) _____

Prior Ruling Of The Tax Commissioner (Public Documents) _____

Other _____

On attached sheets, please fully describe the issue(s) contested. Please note that this appeal will be decided based on the facts before the Department of Taxation. If additional information is needed or requested, it must be furnished with in the prescribed time period or the case will be decided based on the available facts.

Submitted By* _____

*A Power of Attorney must be provided authorizing representation of the Taxpayer.

Address _____

Telephone _____ Date _____

Fax Number _____ E-mail Address _____

Application for Enrollment as a Virginia Authorized Agent

Complete this form to register as an authorized agent representing taxpayers before the Virginia Department of Taxation or to change information if you are already registered as an authorized agent. A Virginia Authorized Agent is not required to be an enrolled agent. The Virginia Authorized Agent designation simply means that the individual has registered with the Virginia Department of Taxation as a representative for taxpayers.

When this form is processed, a letter will be sent from the Virginia Department of Taxation confirming your registration as an authorized agent and will include your Virginia Authorized Agent Number. This number must be included on the Form PAR 101.

Form PAR 101 must be completed by the taxpayer to declare a representative and establish a power of attorney.

Return this form to: **Virginia Department of Taxation** **FAX:** **(804) 254-6115**
P.O. 1114 **For Individual Assistance Call:** **(804) 367-8031**
Richmond, Virginia 23218-1114 **For Business Assistance Call:** **(804) 367-8037**

Representative Information

<input type="checkbox"/>	Change of information - Check here to indicate this form is being submitted for changes to name, address, phone number, fax and e-mail address. Include the Authorized Agent number for change of information only.	Virginia Authorized Agent Number (complete for changes only) A -
Last Name	First Name	MI
Business Name (If applicable)		FEIN
Business Address or P.O. Box (Mailing address if not a business)		Note: Additional businesses may be included by attaching a separate list. Be sure to include complete business name, address and FEIN.
City, State and Zip Code		
SSN (or last 4 digits)	Federal CAF # (if applicable)	

Sign Here

Signature	Date
Best Daytime Phone Number () -	FAX Number () -
E-mail Address	Note: No personalized taxpayer correspondence or tax data will be sent via e-mail. The e-mail address will be used only for general information and registration purposes.

INSTRUCTIONS FOR FORM R-7

Application for Enrollment as a Virginia Authorized Agent

GENERAL

Purpose. Use Form R-7 to register with The Virginia Department of Taxation as a representative or Authorized Agent for taxpayer(s). A Virginia Authorized Agent is not required to be an Enrolled Agent or to first register with the Internal Revenue Service. The Virginia Authorized Agent will be eligible to correspond with the Department of Taxation by phone or to receive correspondence, documentation or other written materials that relate to specific tax matters for which a Virginia Power of Attorney and Declaration of Representative form (PAR 101) has been filed.

PART I – REPRESENTATIVE INFORMATION

Change of Information – Check the box to indicate that this form is being submitted for changes to name, address, phone number, fax number or e-mail address. Include the Virginia Authorized Agent number only for change of information purposes.

Last Name – Enter the last name of the individual registering as the Authorized Agent

First Name - Enter the first name of the individual registering as the Authorized Agent

MI - Enter the middle initial of the individual registering as the Authorized Agent

NOTE: Enter your name exactly as it will appear on all Virginia Power of Attorney related documents

Business Name – Enter the name of the business you represent. If you have no business affiliation, leave blank.

FEIN – Enter the Federal Employer Identification Number of your business. Leave blank if your business has no Federal Employer Identification Number.

Business Address – Enter the mailing address of your business where all correspondence should be sent. If you do not represent a business, enter your personal mailing address. Mailing address should include street name and number or post office box, city, state and Zip Code.

SSN – Enter your social security number or the last four digits of your social security number.

Federal CAF Number – Enter your Federal Central Authorization File number if applicable. If you have no CAF number, leave blank.

PART II – SIGN HERE

Signature - You must sign the form. Your request for an Authorized Agent number will not be processed until we receive a signed R-7 form.

Date – Enter the date that the R-7 form is signed.

Best Daytime Phone Number – Enter the phone number (including the area code) where you can most easily be reached between 8:00 AM and 5:00 PM Monday thru Friday (EST).

FAX Number – Enter the daytime number where you receive faxed information. If there is no convenient FAX number, leave blank.

E-mail Address – Enter the E-mail address where you receive business correspondence. If there is no convenient E-mail address, leave blank.

NOTE: No personalized taxpayer correspondence or TAX information will be sent via e-mail or FAX. These mediums will only be used for registration purposes and general information.

FORM PAR 101
VIRGINIA POWER OF ATTORNEY AND
DECLARATION OF REPRESENTATIVE

DEPARTMENT OF TAXATION
P.O. BOX 1115
RICHMOND, VA 23218-1115
Individual Fax: 804-254-6113
Business Fax: 804-254-6111

LINE 1 Taxpayer Information - Taxpayer(s) must furnish the information requested and sign and date this form.

Taxpayer Name(s) and Address	Your Social Security Number 	Spouse's Social Security Number
	Federal Employer ID Number (if applicable)	Daytime Telephone Number () -
	E-mail Address	

LINE 2 Representative(s) - The representative(s) must sign and date this form. The two representatives listed here will receive written copies of correspondence as discussed in the Instructions. Only individuals may be named as representatives. See the instructions for additional information.

Name and Address	Virginia Authorized Agent Number	A -
	Phone Number	() -
	Fax Number	() -
	E-Mail Address	
	<input type="checkbox"/> Check here if you do not want this representative to receive copies of correspondence for the tax matter specified below on Line 3.	
Name and Address	Virginia Authorized Agent Number	A -
	Phone Number	() -
	Fax Number	() -
	E-Mail Address	
	<input type="checkbox"/> Check here if you do not want this representative to receive copies of correspondence for the tax matter specified below on Line 3.	

The representative(s) above are authorized to represent the taxpayer(s) before the Virginia Department of Taxation for the following tax matters:

LINE 3 Tax Matters - Enter type of tax and year(s) or period(s) or date of death if Estate Tax. Do not use a general reference such as "All taxes", "All years," or "All periods."

Virginia Tax Account Number	Tax Type	Beginning Period (MM/YYYY format)	Ending Period (MM/YYYY format)

LINE 4 Electronic Notices and Communications

I request that representative(s) listed on this form receive copies of e-mail communication.

Note: Copies of e-mail communications will be furnished through US Postal Service mail.

LINE 5 Acts authorized - The representatives are authorized to receive and inspect confidential tax information and to perform any and all acts that I (we) can perform with respect to the tax matters described on line 3. The authority does not include the power to receive refund checks, the power to substitute another representative, the authority to execute a request for a tax return, the power to sign certain returns, or the power to consent to a disclosure of tax information.

This Power of Attorney and Declaration of Representative revokes all previous Powers of Attorney and Declaration of Representative and Powers of Attorney and Releases received by the Virginia Department of Taxation for the matters and years or periods covered by this form, except the following:

(Specify to whom granted, date and address including ZIP code, and attach copies of earlier power(s) and authorizations.)

LINE 6 Signature of taxpayer(s) - If a tax matter concerns a joint return, **both** husband and wife must sign if joint representation is requested. If signed by a corporate officer, partner, guardian, tax matters partner, executor, receiver, administrator, or trustee on behalf of the taxpayer, I certify that I have the authority to execute this form on behalf of the taxpayer.

Signature	Title, if applicable	Date
Print Name		
Signature	Title, if applicable	Date
Print Name		

LINE 7 - Declaration and Signature of Representative

Declaration of Representative - Under penalties of perjury, I declare that:

- ♦ I am authorized to represent the taxpayer(s) identified on line 1 for the tax matter(s) specified on line 3; and
- ♦ I am one of the following:
 - a Attorney—a member in good standing of the bar of the highest court of the jurisdiction shown below.
 - b Certified Public Accountant—duly qualified to practice as a certified public accountant in the jurisdiction shown below.
 - c Enrolled Agent—licensed by the Internal Revenue Service to represent taxpayers before the IRS.
 - d Officer—a bona fide officer of the taxpayer’s organization. Title: _____
 - e Full-Time Employee—a full-time employee of the taxpayer. Title or Position: _____
 - f Family Member—a member of the taxpayer’s immediate family (i.e., spouse, parent, child, brother, or sister).
 - g Other (explain) _____

Signature of representative(s) - Each representative must sign and date below.

Virginia Authorized Agent Number (If applicable)	Designation - Insert above letter (a–g)	Jurisdiction (state) or Enrollment Card No. (if applicable)	Signature	Date
A -				
A -				

IF THIS PAR 101 POWER OF ATTORNEY AND DECLARATION OF REPRESENTATIVE IS NOT SIGNED AND DATED OR LACKS COMPLETE INFORMATION, IT WILL BE RETURNED.

INSTRUCTIONS FOR FORM PAR 101 POWER OF ATTORNEY AND DECLARATION OF REPRESENTATIVE

GENERAL

Purpose. Use Form PAR 101 to authorize an individual to represent you before the Virginia Department of Taxation. The individual you authorize should be registered as a Virginia Authorized Agent. A Virginia Authorized Agent is not required to be an enrolled agent. The Virginia Authorized Agent designation simply means that the individual has registered with the Virginia Department of Taxation as a representative for taxpayers. The authorized agent will be eligible to receive any correspondence, documentation, or other written materials that relate to specific tax matters for which the Virginia Power of Attorney and Declaration of Representative form has been filed.

LINE 1- Taxpayer Information

Individuals. Enter your name, your street address or post office box and social security number (SSN). Do not use your representative's address or post office box. If a joint return has been filed, or will be filed and you and your spouse are designating the same representative(s), also enter your spouse's name and SSN and your spouse's address if different from yours. Enter your daytime telephone number(s) and email address.

Corporations, partnerships, or associations. Enter the name, business address, federal identification number, telephone number of the contact person, and email address. If this form is being prepared for corporations filing a consolidated or a combined tax return, do not attach a list of subsidiaries or affiliated corporations to this form. Only the parent corporation's information is required on line 1. A subsidiary or affiliate must file its own PAR 101 for returns that must be filed separately.

Employee plan or exempt organization. Enter the name, the three-digit plan number and address of the plan, the federal identification number of the plan sponsor or exempt organization, the telephone number, and email address.

Trust. Enter the name and federal identification number (FEIN) of the Trust, followed by the name, title, address, telephone number, and email address of the Trustee.

Estate and Inheritance. Enter the name and identification number of the Estate, followed by the name, title, address, telephone number, and email address of the decedent's administrator, executor, or personal representative.

Note: The identification number can be either a federal identification number or social security number.

LINE 2 - Representative(s)

Enter your representative's full name, telephone and fax numbers and e-mail address. Only individuals may be named as representatives. Use the identical full name on all submissions and correspondence. If applicable, enter alternative representatives. Only one representative can be listed in each box.

Enter the Virginia Authorized Agent Number (if applicable) for each representative. If the Virginia Authorized Agent number has not been assigned or is not known, leave blank and one will be assigned to your representative if applicable or necessary. The Virginia authorized agent number is a unique identification number (not the SSN, EIN, PTIN, or enrollment card number) that the Department of Taxation assigns to representatives. The representative should use the assigned Virginia authorized agent number on all future powers of attorney.

If your representative does not have a Virginia Authorized Agent number, a Form R-7 must be completed by him or her so that the number may be obtained. The Form R-7 is located on the Department of Taxation's website: www.tax.virginia.gov.

Only the representatives listed on line 2 will receive written copies of correspondence sent to the taxpayer by the Department that relates to the tax matter for which the power of attorney was filed. Additional representatives may be requested by attaching a separate list. Be sure to include the representative's full name, Virginia Authorized Agent Number (if applicable), telephone, fax number and e-mail address.

Note: The additional representatives will not be mailed copies of any correspondence.

LINE 3 - Tax Matters

Enter the Virginia Tax Account Number, type of tax and the beginning and ending period(s) in order for the power of attorney to be valid. An example of an individual account number is 33-999999999S-001 where 33 denotes individual income tax and 999999999S denotes the social security number. An example of a business account number is 35-999999999F-001 where 35 denotes corporation income tax and 999999999F denotes the FEIN. For taxes due annually, you may list the year only instead of the beginning and ending periods. The following taxes are annual taxes for which you may list a year only: Apple Excise Tax, Bank Franchise Tax, Corporate Income Tax, Fiduciary Income Tax, Individual Consumer Use Tax, Individual Income Tax, Litter Tax, Rolling Stock Tax on Railroads and Freight Car Companies, Soft Drink Excise Tax, and any other annual tax.

Do not use a general reference such as "All years," "All periods," or "All taxes." Any power of attorney with a general reference will be returned. Representation can only be granted for the years or periods listed on line 3. If the matter relates to estate tax, enter the date of the decedent's death in the Beginning Period and Ending Period columns instead of the year or period.

You may list the current year/period and any tax years or periods that have already ended as of the date you sign the power of attorney. You may include on a Power of Attorney and Declaration of Representative, only future tax periods that end no later than 3 years after the date the power of attorney is received. The 3 future periods are determined starting after December 31 of the year the power of attorney is received. You must enter the type of tax, and the future year(s) or period(s). If more space is needed, please complete an additional Form PAR 101.

LINE 4 - Electronic Notices and Communications

If you check the box on line 4, copies of e-mail communications that relate to the tax matter for which the power of attorney was filed will be sent to the person designated as a power of attorney.

Note: Traditional or non-secure e-mail is still available, but we will not send account specific information by this method. Taxpayers may use secure e-mail to discuss specific questions related to the account. The authorized representative(s) will receive copies of this secure e-mail communication through U.S.Mail. To use secure e-mail on the Department of Taxation's website at www.tax.virginia.gov, log into iFile (Business or Individual) or iReg, select Secure Message to send and receive secure e-mail.

LINE 5 - Acts Authorized

List any previous powers of attorney granted for the same period and tax type that you do not want revoked by this form.

LINE 6 - Signatures of Taxpayer(s)

Individuals. You must sign and date the power of attorney. If a joint return has been filed and both husband and wife will be represented by the same individual(s), both must sign the power of attorney. However, if a joint return has been filed and the husband and wife will be represented by different individuals, each spouse must execute his or her own power of attorney on a separate Form PAR 101.

Corporations or associations. An officer having authority to bind the taxpayer must sign.

Partnerships. All partners must sign unless only one partner is authorized to act in the name of the partnership. A partner is authorized to act in the name of the partnership if, under state law, the partner has authority to bind the partnership. A copy of such authorization must be attached. For dissolved partnerships, see federal Regulations section 601.503(c)(6).

All others. If the taxpayer is a dissolved corporation, decedent, insolvent, or a person for whom or by whom a fiduciary (a trustee, guarantor, receiver, executor, or administrator) has been appointed, see federal Regulations section 601.503(d).

Note. Generally the taxpayer signs first, granting the authority and then the representative signs, accepting the authority granted. The date for both the taxpayer and the representative must be within 45 days for domestic authorizations and within 60 days for authorization from taxpayers residing abroad. If the taxpayer signs last, then there is no time frame requirement.

LINE 7 - Declaration and Signature of Representative and Virginia Power of Attorney Number. Enter the representative(s) Virginia Authorized Agent Number.

Designation. The representative(s) must list the one of the following in the "Designation" column:

- a** Attorney
- b** Certified Public Accountant
- c** Enrolled Agent
- d** Officer - Enter the title of the officer (for example, President, Vice President, or Secretary).
- e** Full-Time Employee - Enter title or position (for example, Comptroller or Accountant).
- f** Family Member - Circle the relationship to taxpayer (must be a spouse, parent, child, brother, or sister).
- g** Other - List any other representative type not listed above and provide a brief description.

Jurisdiction. Enter the two-letter abbreviation for the state (for example, "MD" for Maryland) in which licensed to practice or the enrollment card number issued by the Office of Professional Responsibility.

Signature of representative(s). Each representative must sign and date the power of attorney and declaration of representative.

Where to Mail. Mail the completed copy of the Form PAR 101 to:

Virginia Department of Taxation
P.O. Box 1115
Richmond Virginia 23218-1115

Individual Fax: 804-254-6113
Business Fax: 804-254-6111
For individual assistance call: 804-367-8031
For business assistance call: 804-367-8037