

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: SB511**

**Amendment Number: S1**

**Bill Subtitle: TO AMEND THE NOTICE REQUIREMENTS UNDER THE ARKANSAS TAX PROCEDURE ACT.**

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### **Basic Change :**

**Sponsor: Senator B. Johnson**

Engrossment 03/13/17 --- Senate Amendment 1 --- Amends the bill to provide that DFA will provide contact information to the taxpayer receiving a notice of assessment if the taxpayer wants to obtain the facts and evidence supporting the assessment. Proposed notices of assessment will also describe in addition to the tax amount, any interest, additions, and assessable penalties.

Original Bill --- SB511 amends the notice requirements under the Tax Procedure Act. The proposal amends the current proposed notice to include in the explanation of the basis for adjustment the facts and evidence supporting the proposed assessment. The proposal also requires that the proposed notice include contact information for the taxpayer to use if the taxpayer wants to obtain their tax records from DFA.

The bill also amends the current law to require that any notice issued subject to the Taxpayer Bill of Rights must describe the basis for the tax due and any interest, and penalties, and the facts and evidence supporting the deficiency; and to provide contact information if the taxpayer wants to obtain their tax records from DFA.

### **Revenue Impact :**

None.

### **Taxpayer Impact :**

Taxpayers will be provided with additional information and contact information regarding any tax assessment issued by DFA under the Arkansas Tax Procedure Act if the information is not currently supplied.

### **Resources Required :**

Modification to the Motor Vehicle and tax systems may require modification for notices issued.

### **Time Required :**

Adequate time is provided for implementation

### **Procedural Changes :**

Existing notices from DFA for proposed and final assessment would need to be updated to include the language on how to contact the Department of Finance and Administration for taxpayers who wish to obtain their tax records.

The final assessment notice would need to be updated to reiterate the cause for any deficiency

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previously stated on the purposed assessment notice. In the case where an audit resulted in a tax deficiency the final assessment notice will need to reiterate any facts and/or evidence for the assessment/adjustments stated in the basis for adjustment notice previously provided to the taxpayer prior to the final assessment being issued.

### **Other Comments :**

None.

### **Legal Analysis :**

Amendment S1 to SB511 makes technical corrections to Ark. Code Ann. § 26-18-403(a)(2) (Repl. 2012). The amendment removes substantive changes which could have been interpreted to require the Department of Finance and Administration ("DFA" hereafter) to include documentary evidence in support of proposed assessments with all: notices of proposed assessment; notices of final assessment and demand for payment; administrative decisions; and responses to requests to revise administrative decisions.

As amended, all of the notices mentioned above will be required to provide contact information for taxpayers to use to obtain copies of their tax records, as well as the facts and evidence supporting a proposed assessment.

Amendment S1 contains an incorrect use of the word "deficiency". Specifically, it will amend page 2, line 22, of the bill to require DFA to "provide contact information for the taxpayer to use if the taxpayer wants to obtain his or her tax records, including without limitation the facts and evidence supporting the proposed deficiency". For consistency with the Tax Procedure Act, the word "deficiency" should be changed to "assessment".