

Arizona Tax Recovery Application

For information or help, call one of the numbers listed:

Phoenix	602-716-6706
From area codes 520 and 928, toll-free	1-844-660-2400

Tax Recovery forms and instructions:

www.azdor.gov/TaxRecovery.aspx

What is Tax Recovery?

This is a great opportunity for you to settle your tax bill at the lowest possible cost.

If you are granted tax recovery, the Department will waive or abate civil penalties and interest that were or could have been assessed for the periods covered by the application.

If tax recovery is granted, no civil, administrative, or criminal actions will be brought against you for the periods covered by the application.

Who is Eligible?

Tax recovery is available to taxpayers who:

- Have an existing liability for tax due and received a notice from the Department.
- Failed to file a tax return that was due during the periods covered under the Tax Recovery Program.
- Failed to report all income or all the tax, and associated interest and penalties that were due.
- Incorrectly claimed credits or deductions.
- Misrepresented or omitted any tax due.
- Non-residents or part-year residents who received income that may be taxable in Arizona.
- Are out-of-state and multi-state businesses.

You may request tax recovery for any of the following:

- Income tax (individual, corporate, and fiduciary)
- Transaction privilege tax (TPT)
- Use tax

You cannot request tax recovery for bingo, luxury tax, withholding tax, property tax or estate tax.

Who is Not Eligible?

Tax recovery is **not** available to taxpayers who:

- Are under audit and that audit has not become final.
- Are a party to any criminal proceeding with respect to any tax imposed by any law of Arizona and required to be collected by the Department that is pending on January 1, 2016 for:
 - Failure to file;
 - Failure to pay;
 - Fraud.

- Are considered a party to a criminal proceeding with respect to these items if any of the following apply:
 - Are under criminal investigation.
 - Are involved in an administrative proceeding relating to criminal activity.
 - Are a party to criminal litigation in any United States or Arizona court.
- Have been the subject of a past tax-related criminal investigation, indictment or prosecution that resulted in a conviction, a guilty plea or a plea of no contest.
- Have been convicted of a crime relating to any period or assessment of a tax that is the basis of the penalty or interest with respect to which tax recovery is sought.
- Are a party to a closing agreement with the Department for the tax periods included in the Tax Recovery Application.

What Tax Periods Qualify for Tax Recovery?

If you file annually, you may request tax recovery for tax periods ending before January 1, 2014. For example, an individual that files on a calendar year basis may request tax recovery for tax years through 2013.

All other taxpayers may request tax recovery for any tax period ending before February 1, 2015.

How Can I Apply For Tax Recovery?

Complete the Arizona Tax Recovery Application form within the time prescribed.

You only have to complete one application, even if you are applying for tax recovery for more than one tax period or more than one tax type.

When Can I File an Application?

Your application must be received by the Department on or after September 1, 2016, but no later than October 31, 2016. The Department cannot grant tax recovery if you file your application after October 31, 2016. If the application is filed by mail, the application must be received by the Department by October 31, 2016.

Where Should I File my Tax Recovery Application?

Mail your completed application to:

Arizona Department of Revenue
P O Box 29021
Phoenix, AZ 85038-9021

When Do I Have to Pay?

You will have two options to make payments.

Single Payment Option: Total balance payment in full shown on line 2 must equal the amount in box 1a. Payment in full must be submitted with your application between September 1, 2016 and October 31, 2016.

Installment Payment Option: If you elect to make periodic payments, enter on line 3a at least 33% of the total qualified amount shown in box 1a and remit payment with the application form by October 31, 2016. Payment of at least 66% of the total qualified amount in box 1a is due between September 1, 2017 and October 31, 2017, with the remaining balance totaling 100% of the total qualified amount in box 1a due between September 1, 2018 and October 31, 2018.

Do I Waive Any Rights if I am Granted Tax Recovery?

Yes. If the Department grants you tax recovery, you waive any right to refund or credit for the total amount of the tax liability for each period included in the application. By submitting a tax recovery application, you waive all administrative and judicial rights of appeal that have not run or otherwise expired as of the date of application.

The Department may audit you for tax recovery periods. The statute of limitations will apply to any period subject to audit. You may contest any deficiency that is determined by audit. You will not receive any credit or refund for any tax decrease for any period covered by tax recovery.

How Will I Know If The Department Receives My Tax Recovery Request?

The Department will attempt to contact taxpayers by phone or e-mail to obtain any missing or incomplete information to ensure application acceptance. If no response is received within 14 days, the application will be denied and a Denial Letter will be mailed. Once full payment is received and all conditions have been satisfied, the Department will notify taxpayers of application status by mail.

Can The Department Revoke Tax Recovery?

The Department will deny or revoke tax recovery if you do any of the following:

- File a false or fraudulent application.
- File a false or fraudulent return or report for purposes of tax recovery.
- Attempt to defeat or evade a tax through the tax recovery program.

The Department will also deny tax recovery if you do not pay the tax amount due.

Completing the Application

Taxpayer Information

Enter the taxpayer's name, address, and daytime telephone number on the lines provided. If you need more space, attach an extra page.

If applicable, answer the question whether you are still in business. Check the applicable box.

For income tax, an individual must enter their Social Security Number. If a joint return, both spouses must enter their SSN.

A corporation, partnership, or trust must enter its Federal Employer Identification Number (FEIN). An estate must enter either the decedent's SSN or the estate's FEIN.

For TPT or use tax, an individual must enter the TPT license number and an SSN. An individual that is reporting use tax on items bought from an out-of-state business should enter an SSN. A corporation, partnership, or trust must enter its FEIN and its TPT license number. An estate must enter either the decedent's SSN or the estate's FEIN and the estate's TPT license number.

Type of Taxpayer or Ownership

Check only one box. Indicate the type of taxpayer you are or the type of ownership for the business. For example, if you are an individual asking for tax recovery for your personal income tax, check the individual box. If you are a corporation asking for tax recovery for use tax, check the corporation box.

Figuring the Tax

First identify the type of tax and the periods for which you are seeking tax recovery. Then figure the tax. To figure the tax, you must complete the related tax returns and reports for each taxable period. If you are asking for tax recovery based on amendments, complete an amended return or report for each period. Indicate how many returns are included for each year.

If you are asking for tax recovery for your personal income tax and you do not have enough information to complete a return, you may file a gross income tax return. For details, see the "Income Tax" section.

If you are asking for tax recovery based on information from an amended return, enter the amount in the column for the type of tax for which you are seeking tax recovery. For example, if you are amending a 2012 individual income tax return, enter the amount in the "Income" column on the 2012 line.

If you did not file a return for the tax year for which you are seeking tax recovery, do not enter the amount, but complete the application.

If you have received billing notice(s) from the Department, you must attach a copy of the notice(s) to the application and list the tax amount(s) on the correct lines and columns.

If you had contacted the Department to determine the amount of tax due for any tax period already assessed or on billing, please attach a schedule that shows the tax period(s) and amount of tax for that period(s).

Income Tax

Complete the Arizona Tax Recovery Application.

For each tax year for which you are seeking tax recovery, complete the appropriate income tax return. You may get prior year forms from the Forms website at www.azdor.gov/Forms.aspx.

For individual income tax, see Arizona Forms 140, 140PY,

140NR or 140X. For Corporate income tax see Arizona Forms 120, 120S, or 120X. For fiduciary income tax see Arizona Form 141.

Enter the amount of tax due for each year for which you are seeking tax recovery on the appropriate line in the "Income" column. For instance, if you are entering an amount for the 2012 tax year, enter that amount in the "Income" column on the 2012 line.

If you do not have enough information to complete a full individual income tax return, you may file a gross income tax return. To file a gross income tax return, complete the Arizona Tax Recovery – Individual Gross Income Tax Return. To get a copy of this form, visit our website at www.azdor.gov/TaxRecovery.aspx, or call 1-844-660-2400. If you are filing a gross income tax return, use the chart below to figure your tax.

Gross Income Tax Return Income Tax Rate Table

To use this tax rate table, first find the income range for the tax year for which you are seeking tax recovery. Then multiply the amount on line 1 of the Arizona Tax Recovery Application – Individual Gross Income Tax Return by the tax rate listed under the income range for that tax year. Enter the tax on line 2 or line 3a as applicable, of the Arizona Tax Recovery Application – Individual Gross Income Tax Return. For example, if you are seeking Tax Recovery for 2004 and the amount on the Arizona Tax Recovery Application – Individual Gross Income Tax Return line 1 is \$50,000, your tax is \$975 (\$50,000 X .0195).

Tax Year	If Your Gross Income Is:			
	\$0 Through -\$39,999	\$40,000 Through \$99,999	\$100,000 Through \$199,999	\$200,000 And Above
	Multiply Your Gross Income By:			
For 2001 and all prior years	.0124	.0196	.0253	.0384
2002	.0120	.0193	.0251	.0383
2003	.0120	.0195	.0254	.0388
2004	.0121	.0195	.0255	.0399
2005	.0120	.0192	.0251	.0401
2006	.0114	.0179	.0234	.0374
2007	.0105	.0167	.0217	.0350
2008	.0102	.0167	.0216	.0336
2009	.0097	.0168	.0217	.0331
2010	.0098	.0171	.0221	.0336
2011	.0099	.0174	.0226	.0343
2012	.0101	.0177	.0228	.0347
2013	.0101	.0178	.0229	.0338

Transaction Privilege Tax (TPT)

Complete the Arizona Tax Recovery Application.

If you do not have a TPT license, you must complete and submit the Arizona Joint Tax Application to set up your TPT account.

For each tax period for which you are seeking tax recovery, complete the appropriate TPT tax returns. See Arizona Form TPT-1.

For combined state, county, and program cities TPT rates for a specific taxable activity for any given tax period, visit our website at www.azdor.gov/TaxRecovery.aspx.

Enter the amount of tax due for each period for which you are seeking tax recovery on the appropriate line in the appropriate year's section. For instance, if you are entering an amount for 2014, enter that amount in the appropriate column of the 2014 section.

Use Tax

Complete the Arizona Tax Recovery Application.

Businesses - Has your business bought furniture, computers, or other items from out-of-state companies without paying sales or use tax? Has your business made other tax-free purchases of items that are not for resale? If the answer is "yes," then you probably owe tax on those items.

Individuals - Did you buy items from an out-of-state business? Did that business collect sales or use tax? If the answer is "no," then you probably owe tax on those items.

Items Removed from Inventory - Did your business buy items for resale then use some of those items instead of selling them? Most likely the business did not pay tax on those items when the items were bought. If you did not resell those items, but used them instead, you owe use tax on those items.

For each tax period for which you are seeking tax recovery, complete the appropriate use tax reports. See Arizona Form TPT-1.

If you are an individual that owes use tax because you bought items from an out-of-state business tax-free (for example from a catalogue or over the internet), submit a letter showing how you figured your use tax.

If you are a business, complete the appropriate Form(s) TPT-1. If you do not have a TPT license, also complete and submit the Arizona Joint Tax Application.

Paying Your Tax

Enter the amount enclosed in either box 2 or box 3a as applicable.

Make your check payable to Arizona Department of Revenue. Write your taxpayer ID number on the front of your check or money order. Enclose your check or money order with your application. The Department will apply your payment to your account even if you are not approved for tax recovery. If you do not pay the appropriate amount due with the tax recovery application you will not be granted tax recovery. If you elected to make periodic payments and do not meet the requirements of those payments, tax recovery will not be granted.

The Department cannot accept checks or money orders in foreign currency. Credit Cards are not accepted. You must make payment in U.S. dollars.

Signature

Use the chart below to determine who must sign the tax recovery application.

Type of Entity	Who must sign
Individuals, Joint Filers and Sole Proprietorships	The individual/sole proprietor must sign. In the case of a joint return, both husband and wife must sign.
Corporations	A principal corporate officer within the meaning of A.R.S. § 42-2003(A)(2) must sign.
Partnerships & Limited Partnerships	A partner having authority to act in the name of the partnership must sign.
Trusts	A Trustee must sign.
Estates	An Executor/Executrix or the personal representative of the estate must sign.
Limited Liability Companies	A member having authority to act in the name of the company must sign.

Paid Preparer

If you paid someone to prepare your application, the paid preparer must also sign the application. The paid preparer must sign it by hand in the space provided. Signature stamps or labels cannot be used. The preparer must give you a copy of the application for your records. Someone who prepares your application but does not charge you should not sign your application.

Identification Numbers for Paid Preparers

If you pay someone else to prepare your return, that person must also include an ID where requested.

A paid preparer may use any of the following:

- Social Security Number
- Preparer Taxpayer Identification Number
- The federal employer ID for the business

A paid preparer who fails to include the proper ID may be subject to a penalty.

Required Attachments

You must attach any audit assessments, billing notices, schedules of tax, tax returns and reports, including amended returns for each taxable period.

If you are requesting tax recovery for income tax and you computed your tax using the gross income method, attach the Arizona Tax Recovery – Individual Gross Income Tax Return for each year.

If you are requesting tax recovery for TPT or use tax and are required to complete the Arizona Joint Tax Application, attach that application to your tax recovery request.

Before mailing or delivering your packet, please confirm you have completed and included the following:

- Tax Recovery application
- Tax return for each tax period (if applicable)
- Billing notice (if applicable)
- Any supporting schedules as needed
- Arizona Joint Tax Application (only for businesses who are not registered)
- Payment of 100% of all tax due if single payment option or at least 33% of all tax due if periodic payment option.
- Payment for all applicable license fees

Calling the Department

Your tax information on file with the Department is confidential. If you want the Department to discuss your tax matters with someone other than yourself, you must authorize the Department to release confidential information to that person. You may use Form 285, General Disclosure/Representation Authorization Form, to authorize the Department to release confidential information to your appointee. See Form 285 for details.