

# REPORT OF THE 2015 TAX RECOVERY PROGRAM

## Results

<b>Taxes collected during the Tax Recovery Program</b>	<b>\$55,498,119</b>
<b>Taxes deposited to the State General Fund</b>	<b>\$46,709,300</b>
<b>Number of Taxpayers that applied for Recovery</b>	<b>2,176</b>
<b>Number of Taxpayers that were granted Recovery</b>	<b>2,071</b>
<b>Number of tax periods<sup>1</sup> granted Recovery</b>	<b>16,182</b>
<b>Corporate Income Tax Collections</b>	<b>\$20,921,401</b>
<b>Fiduciary Collections</b>	<b>\$3,847</b>
<b>Individual Income Tax Collections</b>	<b>\$10,993,914</b>
<b>Transaction Privilege Tax Collections</b>	<b>\$23,578,957</b>

## Distribution of Tax Recovery Collections<sup>2</sup>

<b>State General Fund</b>	<b>Distributions<sup>3</sup></b>
<b>Corporate Income Tax</b>	<b>\$20,921,401</b>
<b>Fiduciary</b>	<b>\$3,847</b>
<b>Individual Income Tax</b>	<b>\$10,993,914</b>
<b>Transaction Privilege tax</b>	<b>14,790,138</b>
<b>Total General Fund</b>	<b>\$46,709,300</b>
<b>State Education Tax</b>	<b>\$784,387</b>
<b>State Temporary Tax</b>	<b>\$339,152</b>
<b>Other State Taxes</b>	<b>\$24,886</b>
<b>City Revenue Sharing</b>	<b>\$1,503,716</b>
<b>County Revenue Sharing</b>	<b>\$2,436,621</b>
<b>City Taxes</b>	<b>\$1,759,682</b>
<b>County Taxes</b>	<b>\$1,940,376</b>
<b>Total Distribution</b>	<b>\$55,498,119</b>

<sup>1</sup> A tax period could be an annual period for income tax or transaction privilege tax, or a monthly or quarterly period for transaction privilege tax.

<sup>2</sup> Tax Recovery money was received and deposited during September and October. As applications were processed from September through December the collections were designated for the appropriate tax type and distributed accordingly.

<sup>3</sup> Totals may not sum due to rounding.

## Status of Tax Recovery Accounts

Tax Type	Not Under Audit	Under Audit	Grand Total <sup>4</sup>
<b>Corporate Collections</b>	\$7,319,307	\$13,602,094	\$20,921,401
# of accounts	44	8	52
<b>Fiduciary Collections</b>	\$3,847	\$0	\$3,847
# of accounts	6	0	6
<b>Individual Collections</b>	\$2,394,859	\$8,599,056	\$10,993,914
# of accounts	554	373	927
<b>Transaction Privilege Tax Collections</b>	\$6,875,343	\$16,703,613	\$23,578,957
# of accounts	863	223	1,086
<b>Grand Total Collections</b>	\$16,593,355	\$38,904,763	\$55,498,119
# of accounts	1,542	629	2,071

### Background

The Arizona Legislature passed and the Governor signed legislation enabling the Department of Revenue to implement a Tax Recovery Program (TRP) during the Fall of 2015. At the time of its passage, it was anticipated by the Legislature that the TRP would generate \$15 million<sup>5</sup> for the General Fund.

The TRP period ran from September 1, 2015 through October 31, 2015. For taxes filed on an annual basis, such as income tax, the TRP was available for years ending before January 1, 2014. For taxpayers who file taxes, such as transaction privilege or withholding, on a monthly or quarterly basis the TRP was eligible for tax periods ending before February 1, 2015. If conditions of Tax Recovery were met, civil penalties and interest were waived.

The population eligible for the TRP was business taxpayers (transaction privilege and corporate) and personal income taxpayers except those under criminal investigation. For taxpayers who had been contacted by the department to conduct an audit, received an assessment, or had a protested/appealed assessment pending were eligible to apply for Tax Recovery for years that are "under audit" as well as years outside of the audit period. To receive Tax Recovery benefits, taxpayers were required to waive all rights of appeal that have not expired.

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<sup>4</sup> Totals may not sum due to rounding.

<sup>5</sup> FY2016 Appropriations Report: Laws 2015, Chapter 10 (FY 2016 Revenue Budget Reconciliation Bill) requires the Department of Revenue to establish a tax amnesty program from September 1, 2015 through October 31, 2015. The program, which is estimated to generate a total of \$15.0 million for the General Fund in FY 2016, waives civil penalties and interest on unpaid tax liabilities for any period before January 1, 2014 for annual filers, and February 1, 2015 for all other filers. This estimate includes already identified liabilities.