



ARIZONA GENERAL TAX PROCEDURE GTP 11-1

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Governor

Alternative Signatures for Electronic Filing

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Director

(This Procedure Supplements GTP 94-4)

ISSUE:

What documents will the Department of Revenue (department) accept electronically or by facsimile while the department is adopting rules prescribing alternative signatures?

APPLICABLE LAW:

Arizona Revised Statutes (A.R.S.) § 42-1105(B) provides (in pertinent part):

While the department is adopting a rule prescribing alternative methods for signing, subscribing or verifying a return, statement or other document, the director, by tax ruling, may waive the requirement of a signature for a particular type or class of return, statement or other document required to be filed with the department.

A.R.S. § 43-321(1) provides that all returns filed pursuant to Title 43 of the Arizona Revised Statutes, "shall contain or be verified by a declaration that it is made under penalties of perjury."

A.R.S. § 43-418, as added by Laws 2010, 7th S.S., Ch. 12, § 35, requires a payroll service company to register electronically with the department and, for withholding returns due to be filed from and after May 31, 2011, file withholding returns electronically on behalf of its clients.

DISCUSSION:

On March 22, 2011, the governor's office approved the department's request for an exception to the rulemaking moratorium to allow the department to expand the existing electronic filing program currently offered through aztaxes.gov for withholding tax. The expanded electronic filing program includes two new filing methods.

1. The first new filing method is Arizona Web Upload, which allows the filing of multiple withholding tax returns in one electronic submission to the department. The department administers Arizona Web Upload. When Arizona Web Upload begins, only payroll service companies will have access to this filing method. At some point in the future, this filing method will be made available to employers to file for themselves.

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2. The second filing method is AZ FSET, which utilizes the existing FSET protocol used by other states for the filing of multiple withholding tax returns in one transmission. Third party vendors provide the software to communicate with the department's gateway. Third party vendors will be required to register as transmitters so the department will know that the transmissions are being received from a trusted source.

The expanded electronic filing program will ease the administrative burden of payroll service companies required to file electronically on behalf of their clients under A.R.S. § 43-418 and offer employers another way to file withholding tax returns electronically and make withholding tax payments electronically to the department.

The department envisions future expansion of its electronic filing program using the technology currently being created. When this occurs, additional registration processes and signature cards will be developed.

As a part of the expanded electronic filing program mentioned above, or any future expansions, the following documents will be used:

1. Payroll Service Company Signature Card

To complete the electronic registration process, the payroll service company must execute a Payroll Service Company Signature Card which will act as the following:

- a. verification that the information provided during the electronic registration process is true and correct;
- b. verification that the signatory is duly authorized to act on behalf of the payroll service company and its clients; and
- c. the signature for the withholding tax returns the payroll service company will electronically file with the department on behalf of its clients through the expanded electronic filing program.

2. Transmitter Signature Card

To complete the electronic registration process, a transmitter of withholding tax returns will execute a Transmitter Signature Card as verification of the following:

- a. the information provided during the electronic registration process is true and correct; and
- b. the signatory is duly authorized to act on behalf of the transmitter.

3. Employer's Withholding Tax Signature Authorization

To sign the employer's return filed electronically through the expanded electronic filing program, the employer will execute an Employer's

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Withholding Tax Signature Authorization (Employer's Authorization) and keep it on file. The employer's signature on the Employer's Authorization is the employer's declaration, under penalties of perjury, that the electronic return is, to the best of the employer's knowledge and belief, true, correct, and complete. The employer will provide a copy to the department only upon department request.

4. Withholding Tax Payroll Service Company Authorization

An employer must execute a document that complies with A.R.S. § 42-2003 to:

- a. authorize a payroll service company to file returns on its behalf; and
- b. authorize the department to disclose the employer's confidential withholding tax information to employees of the payroll service company.

An employer may use the Withholding Tax Payroll Service Company Authorization (PSC Authorization) to accomplish these purposes. The employer generally provides the original PSC Authorization to the department. However, if the payroll service company is operating under a memorandum of understanding with the department, the employer should provide the original PSC Authorization to the payroll service company, which must provide an executed copy to the department only upon department request.

5. Future Department Developed Signature Cards

To complete an electronic registration process for which the then existing administrative rules do not provide for the necessary alternate signatures, the registrant must execute a Department Developed Signature Card which will act as the following:

- a. verification that the information provided during the electronic registration process is true and correct;
- b. verification that the signatory is duly authorized to act on behalf of the registrant (and its clients, if applicable); and
- c. any other requirements listed on the signature card, including, but not limited to, the signature on a tax return of the registrant or its clients, as indicated on the signature card, which is filed electronically with the department.

An alternative signature will be required to sign any withholding tax return received through the new filing methods of the expanded electronic filing program. Furthermore, other documents used in the registration process or future registration processes, including those previously described, will also have signatory requirements for which an alternative signature may be necessary. Pursuant to A.R.S. § 42-1105(B), while the department is

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adopting a rule to provide for these alternative signatures, the Director may waive the signature requirement for particular classes or types of returns or other documents that are required to be filed with the department.

At times, problems occur in registration or filing. To resolve these problems, an employee of the department may request that a document be sent to the department via facsimile. To the extent there is a signature requirement for a document sent by facsimile, an alternative signature is needed. A facsimile signature is a copy of an original signature on a document that is sent to the department via facsimile. This alternative signature could be on one of the documents described above or on other documents used in registration, electronic or otherwise, or in filing of returns, electronic or otherwise. Pursuant to A.R.S. § 42-1105(B), while the department is adopting a rule to provide for this alternative signature, the Director may waive the signature requirement for documents sent via facsimile.

By issuing this Tax Procedure, the Director is waiving the signature requirement for the classes or types of returns or other documents identified in this Tax Procedure which are submitted in accordance with the following procedure.

PROCEDURE:

The department will accept the following documents filed in accordance with the requirements outlined below:

1. Withholding returns for an employer, when filed by a properly registered payroll service company for which the employer has executed a properly completed PSC Authorization, or other document authorizing a payroll service company to act on behalf of the employer, that have been filed adhering to the protocols of the department's expanded electronic filing program;
2. Withholding returns for an employer, when the employer has transmitted its withholding return through a properly registered transmitter and properly completed the Employer Authorization and maintained the original Employer Authorization in its own file;
3. The Employer Authorization when completed by the employer and maintained in the employer's files;
4. PSC Authorization, or other document authorizing a payroll service company to act on behalf of the employer, when properly completed by the employer and delivered to a payroll service company that maintains the PSC Authorization because the payroll service company has a memorandum of understanding with the department allowing it to maintain the PSC Authorization in lieu of delivering it to the department;

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5. Future Department Developed Signature Card, when properly executed, and any returns for which the signature card states it is to act as an alternative signature.

A taxpayer or a payroll service company may submit by facsimile any of the above documents, or other documents used to register or to file returns with the department, when a specific document is requested by an employee of the department. All documents sent to the department via facsimile shall:

- a. upon completion, be sent to the facsimile number provided by the department employee who is requesting the document; and
- b. contain a cover sheet identifying either the name of the department employee requesting the document or the person or area of the department designated by the department employee requesting the document.

Any document sent to the department via facsimile that is not sent in accordance with the foregoing shall not be treated as satisfying the signature requirement.

Persons sending a document to the department via facsimile pursuant to this Tax Procedure should keep a copy of the facsimile receipt as evidence that the document was sent to the department at the time and date listed on the receipt.

Gale Garriott, Director

Signed: March 25, 2011

Explanatory Notice

The purpose of a tax procedure is to provide procedural guidance to the general public and to department personnel. A tax procedure is a written statement issued by the department to assist in the implementation of tax laws, administrative rules, and tax rulings by delineating procedures to be followed in order to achieve compliance with the law. Relevant statute, case law, or administrative rules, as well as a subsequent procedure, may modify or negate any or all of the provisions of any tax procedure. See GTP 96-1 for more detailed information regarding documents issued by the Department of Revenue.