

ARIZONA DEPARTMENT OF REVENUE

1600 WEST MONROE - PHOENIX, ARIZONA 85007-2650

FIFE SYMINGTON
GOVERNOR



HAROLD SCOTT
DIRECTOR

ARIZONA GENERAL TAX RULING GTR 93-2

(On July 31, 2020 the title 42 statute references were updated to reflect the renumbering of title 42. See footnotes for details. No substantive changes were made.)

This substantive policy statement is advisory only. A substantive policy statement does not include internal procedural documents that only affect the internal procedures of the agency and does not impose additional requirements or penalties on regulated parties or include confidential information or rules made in accordance with the Arizona administrative procedure act. If you believe that this substantive policy statement does impose additional requirements or penalties on regulated parties you may petition the agency under Arizona Revised Statutes § 41-1033 for a review of the statement.

ISSUE:

Whether a determination by another state agency may effect a determination by the Department of Revenue.

APPLICABLE LAW:

Arizona Revised Statutes (A.R.S.) § 42-1004(C)¹ states that:

In the determination of any issue of law or fact under this title [title 42] or title 43, [relating to taxation], neither the department, nor any officer or agency having any administrative duties under this title [title 42] or title 43, nor any court is bound by the determination of any other executive officer or administrative agency of this state....

DISCUSSION:

Government agencies classify businesses for a variety of reasons, with differing policies underlying these reasons. The legislature recognized these differences in enacting A.R.S. § 42-1004(C)². This provision states that in the determination of any issue of law or fact relating to taxation, the Department of Revenue is not bound by the determination of any other administrative agency.

¹ This ruling originally referenced A.R.S. § 42-104.C which was renumbered as A.R.S. § 42-1004(C).

² See footnote number 1.

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For example, the department may determine that a person's business activity is subject to transaction privilege tax as publishing. That same business may be classified as a consulting service by the Department of Economic Security (DES). The DES classification has no effect on the taxability of the business as determined by the Department of Revenue.

This general rule does not apply if an overriding statutory provision grants authority to another government agency to make a determination affecting a person's tax liability. For example, the Department of Revenue will accept a determination by the Department of Commerce relating to a business' eligibility for an enterprise zone income tax credit pursuant to A.R.S. § 41-1525.

RULING:

The Department of Revenue is not bound by the determination of any other administrative agency, except in cases involving an overriding statutory provision.

Harold Scott, Director

Signed: July 6, 1993

Explanatory Notice

The purpose of a tax ruling is to provide interpretive guidance to the general public and to department personnel. A tax ruling is intended to encompass issues of law which are not adequately covered in statute, case law or administrative rules. A tax ruling is a position statement which provides interpretation, details or supplementary information concerning the application of the law. **Relevant statute, case law, or administrative rules, as well as a subsequent ruling, may modify or negate any or all of the provisions of any tax ruling.** See GTP 92-1 for more detailed information regarding documents issued by the Department of Revenue.