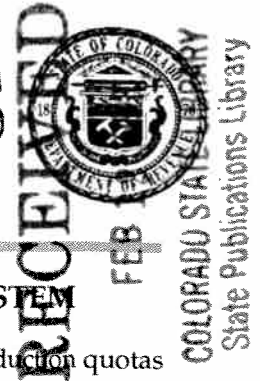




Statement of TAXPAYER RIGHTS

Colorado Department of Revenue



THE COLORADO DEPARTMENT OF REVENUE WILL NOT USE A BOUNTY SYSTEM

- The use of taxes assessed or collected to evaluate individual employees or to impose or suggest production quotas or goals for individual employees is strictly prohibited.

THE COLORADO DEPARTMENT OF REVENUE WILL PROTECT TAXPAYERS RIGHTS DURING THE AUDIT PROCESS.

- The department will prepare statements in simple, non-technical language explaining (a) rights and obligations of taxpayers and the department; (b) appeals procedures available to taxpayers; and (c) procedures available to the department in enforcing the laws. An appropriate statement will accompany the initial notice for audit, the initial billing notice and any subsequent notice of tax due.
- The department will provide descriptive tax notices that explain the basis for assessments of tax and penalties and indicate the next possible collection actions. The taxpayer will be able to challenge any tax assessment by following the instructions on the billing notice.
- The department will apply the same rate of interest to both assessments and refund claims.
- The department will not charge a fee to cover the cost incurred in performing an audit.
- The statute of limitations will apply equally to assessments and refund claims.
- The department will reasonably evaluate information regarding underpaid taxes and avoid estimated assessments when possible.
- The department will maintain confidentiality in all dealings with taxpayers, including pending collection actions and records protected by statute.
- The taxpayer will have a 30-day time period within which to protest a proposed notice of deficiency that results from an audit performed.
- Hearings on protested tax adjustments will be scheduled with a minimum of 30 days notice. If the proposed adjustments are less than \$200, or involve any amount of sales or use taxes, the hearing can be scheduled at the department's service center nearest the residence of the taxpayer. Instead of a formal hearing, taxpayers may request that a decision be made based upon their written protest and any other written materials or documents they may wish to submit to argue their position.
- A taxpayer will be able to exhaust administrative remedies before a payment is made of disputed tax, penalty and interest, except in cases where ultimate payment of any liability is in jeopardy.

THE COLORADO DEPARTMENT OF REVENUE WILL PROTECT TAXPAYERS' RIGHTS DURING THE COLLECTION PROCESS.

- Taxpayers will be allowed consideration for installment payment agreements on tax assessments for liabilities where the tax does not involve trust fund accounts such as sales and withholding taxes.
- Any taxpayer will be informed in writing of collection action that may be taken and informed of a freeze placed on bank accounts.
- At least 30 days prior to the initial filing of a lien, the department will give the taxpayer preliminary notice of the lien, the earliest date on which the lien may be filed, and the remedies available to the taxpayer if he/she thinks the lien was filed erroneously.
- All other collection actions will be exhausted before a seizure of a taxpayer's assets takes place, unless the department director determines that the interests of the state are in jeopardy.
- All seizures of real or personal property must be approved by a senior manager of the division perform-

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ing the seizure. Garnishments on wages and bank accounts for income tax delinquencies will be approved by the supervisor of the initiator.

- The taxpayer will have a 10-day period to resolve a tax delinquency before seized assets are liquidated. The time period can be extended if positive negotiations have taken place.
- The department will release a levy where the expense of the levy and sale exceed the tax owed. The department will not be allowed to sell any seized property

until the taxpayer is notified of the property exemptions from levy currently allowed by law. Finally, a levy will be released if it will not "reasonably reduce" the debt.

- The department will immediately release an erroneously filed lien. The notice releasing this type of lien will contain a statement that the lien was filed in error. At the taxpayer's request, credit reporting companies will be notified of the fact that the lien was filed erroneously.

COLORADO TAXPAYERS WILL RECEIVE COURTEOUS, EQUITABLE TREATMENT FROM THE DEPARTMENT OF REVENUE.

- The department will maintain a Taxpayer Service Division. The division will maintain locations throughout the state where taxpayers can obtain tax filing information, obtain explanation of billings and receive information about their rights and responsibilities.
- The department will develop and initiate a taxpayer education program. The purposes of the program will be to reduce taxpayer filing errors and to reduce inconsistent enforcement of the law. The program will be focused on taxpayer groups having the most difficulty complying with tax laws. The education program will consist of informational mailings on selected topics, participation in industry seminars, revision of educational materials to reflect necessary updates and a continuing education program for audit and compliance staff.
- The department will perform annually a systematic identification of areas of recurrent taxpayer noncompliance. This systematic analysis contemplates both review of audit data and input from industry and taxpayers to discover which areas of the law are encountering the most noncompliance. The department will make recommendations for improving tax-

payer compliance in those identified areas, such as changing unclear statutes or regulations ("tax traps"), improving training of audit personnel, improving of taxpayer education or increasing enforcement capabilities.

- The department will waive penalty and interest imposed on any deficiency attributable to erroneous written advice furnished to the taxpayer by the department, unless the taxpayer provided inaccurate or inadequate information.
- The department will mail a notice of any proposed rule-making to any person requesting such notification. The department may issue temporary or emergency rules without notice, but such rules may only remain in effect for a maximum of three months. Prior to the adoption of any rule, all taxpayer oral and written comments will be considered. The department will maintain a record of all rule-making proceedings which will be open to public inspection.
- The taxpayer may request that questionable assessments be reviewed at the management level of the division making the assessment.

THERE WILL BE NO IMMUNITY FOR DEPARTMENT OF REVENUE EMPLOYEES.

An employee of the Department of Revenue may be dismissed from employment and may be subject to felony charges if he or she:

- Extorts or willfully oppresses any person through use of actual or apparent authority.
- Knowingly demands other, greater, or lesser sums than are authorized by law or receives any fee, compensation, or reward, except as prescribed by law, for the performance of any duty.
- Commits or omits to do any act with the intent to enable any other person to defraud the State of Colorado.

- Makes or signs any fraudulent entry in any book or makes or signs any fraudulent certificate, return or statement.
- Fails to report in writing to the executive director of the department or his designee any knowledge or information concerning a violation of any revenue law by any person or a fraud committed by any person against the State of Colorado under any revenue law.
- Demands, accepts, or attempts to collect, directly or indirectly, as payment, gift, or otherwise, any sum of money or other thing of value for the compromise, adjustment, or settlement of any charge, except as otherwise expressly authorized by law.