



STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES

PS 2008(4)

25 Sigourney Street
Hartford CT 06106-5032

POLICY STATEMENT

Your Rights as a Connecticut Taxpayer

Purpose: This Policy Statement explains the Connecticut Taxpayer Bill of Rights.

Effective Date: Effective upon issuance.

Statutory Authority: Conn. Gen. Stat. §12-39n

Introduction

Conn. Gen. Stat. §12-39n provides for the Connecticut Taxpayer Bill of Rights and is meant to ensure Connecticut taxpayers that, during the process of assessing and collecting taxes, their rights, privacy, and property will be safeguarded and protected. Conn. Gen. Stat. §12-39n is a compilation or summary of the statutory rights generally afforded Connecticut taxpayers and does not grant Connecticut taxpayers any rights not already provided in other sections of the general statutes.

1. You have the right to receive available information and to be provided with prompt, accurate responses to questions and requests for tax assistance.

Tax Assistance

The Department of Revenue Services (DRS) Taxpayer Services Division provides walk-in and telephone assistance to taxpayers at locations throughout the state. Call 1-800-382-9463 (Connecticut calls outside the Greater Hartford calling area only) or 860-297-5962 (from anywhere). Additionally, our website at www.ct.gov/DRS is available 24 hours a day, seven days a week to answer questions about Connecticut taxes. The website contains useful information about Connecticut tax forms, answers to frequently-asked questions, and access to administrative pronouncements.

Administrative Pronouncements

DRS produces a variety of publications which contain written information that helps explain Connecticut tax laws and DRS practices, policies, and positions.

- Special Notices announce new DRS policies or practices in response to changes in Connecticut or federal laws and regulations or to judicial decisions;
- Policy Statements explain in depth a DRS current position, policy, or practice;
- Informational Publications address frequently-asked questions about current DRS positions, policies, or practices; **and**
- Announcements alert taxpayers to new DRS administrative positions, policies, and practices.

Rulings

If you have a question about the taxability of a prospective transaction not addressed by a Connecticut statute or regulation, judicial decision, previously-issued administrative pronouncement, or previously-issued ruling, you may request a ruling from our Legal Division. See **Policy Statement 2008(2)**, *Requests for the Issuance of a Ruling*.

2. You have the right to request assistance from a taxpayer's rights advocate if you have a complaint or problem.

The DRS Problem Resolution/Taxpayer Advocate Office works to resolve taxpayer issues after the usual channels of dispute resolution have been exhausted. Matters handled by the office of the taxpayer advocate include nonpayment of credit or refunds, penalty or interest problems, and clarification of correspondence. If you have a tax problem that is not in litigation, under review by the DRS Audit Division or Appellate Division, or subject to enforcement action, and you have not been able to resolve the matter through normal channels, you may email the Office of the Taxpayer Advocate, Taxpayer.Advocate@po.state.ct.us, call

the Taxpayer Advocate at 860-297-5603, or write to: DRS Problem Resolution/Taxpayer Advocate Office, 25 Sigourney Street Ste 2, Hartford CT 06106-5032.

3. You have the right to be represented or advised by counsel or other qualified representative at any time in administrative interactions with DRS. You also have the right to have audits, inspections of records, and interviews conducted at reasonable times and places.

Your representative may receive or inspect confidential information if you have completed and filed **Form LGL-001, Power of Attorney**. You also have the right to represent yourself.

4. You have the right to simple, nontechnical statements that explain the procedures, remedies, and rights available during audit, appeal, and collection proceedings. You have the right to receive a narrative description that explains the basis of audit changes, proposed assessments, assessments, and denials of refunds; identifies the amount you owe in tax, interest, and penalties; and states the consequences of your failure to comply with the notice.

The Audit Process

DRS accepts most Connecticut tax returns as filed. If your return is selected for audit, it does not mean that DRS believes you made an error or are dishonest. Some returns are chosen by computerized audit selection programs or by random sample. Other returns are audited because of information developed in another audit or information received from other government agencies. If we inquire about your return or select it for audit, you will not necessarily have to pay more tax. DRS may close your case without change or you may receive a refund.

Most audits are handled through the mail (office audits). Some audits are conducted at your place of business (field audits) and usually begin when we notify you that your return has been selected. We will tell you which records we would like to review.

Technical Advice Memoranda

If you dispute the interpretation and application of certain Connecticut tax statutes during an audit, you may request a technical advice memorandum from our Legal Division. See **Policy Statement 2000(8), Procedures in Handling Requests for Issuance of Technical Advice Memoranda**.

Completing the Audit

If DRS proposes any changes to your return, we will explain the reasons for the changes. We will give you audit workpapers that describe the basis of any audit changes. We will also give you a copy of the Tax Determination Report or proposed audit assessment notice that will summarize all adjustments made on the workpapers and show the proposed amount of tax, interest, and penalty due. If you agree to the changes proposed by our Audit Division, we will process the audit and issue you a notice of assessment.

Although there is no requirement that you receive an informal conference, if you disagree with the proposed changes, you may request an informal conference by contacting the manager or supervisor in the office that conducted the audit by the date indicated on the Tax Determination Report or proposed audit assessment notice. The informal conference may be held by phone or in our office. You should be prepared to discuss all disputed issues and to submit all documentation necessary to support your position. At the completion of the conference, adjustments, if any, will be made to the proposed audit assessment. The audit will then be processed and a notice of assessment will be issued. If you disagree with the notice of assessment, you may protest the notice of assessment to our Appellate Division. See *The Appellate Process*.

Waivers

There are laws (statutes of limitations) that limit the time DRS has to audit your return and the time you have to amend your return. If we need more time than is allowed under the statute of limitations or you need more time to provide the information required to conduct an audit, DRS will ask you to sign an agreement, *Consent to Extend the Statute of Limitations*, which is commonly referred to as a waiver. A waiver extends the time within which we can audit your returns and the time within which you can amend your returns. The waiver may extend the statute of limitations for a specified period of time or may be a perpetual waiver, which extends the statute of limitations for an unlimited period of time. If the waiver extends the statute of limitations only for a specified period of time, the amount of time granted in the waiver may be extended for an additional period of time if DRS and the taxpayer agree. This extension must be done before the expiration date of the original waiver. You are not required to sign a waiver, but if you choose not to sign it, DRS may propose an adjustment based on the information available to us at that time. This may cause you to pay more tax than you would have paid if we had

additional time to audit your returns. Either the taxpayer or DRS may use a *Notice of Termination of Special Consent to Extend the Statute of Limitation* to terminate a perpetual waiver. Signing this notice will not deprive the taxpayer of any appeal rights.

Audit Assessment Payments

Between the time you receive the Tax Determination Report and the notice of assessment, one or more months of additional interest may accrue on the tax assessed. To avoid this additional interest, send an advance payment with a copy of the Tax Determination Report or the notice of assessment to: DRS Audit Division, Control Unit, 25 Sigourney Street Ste 2, Hartford CT 06106-5032.

Deposit in the Nature of a Cash Bond

If you object to the audit assessment and wish to minimize the accrual of interest, you may make a deposit in the nature of a cash bond. By doing so, you are not agreeing with the assessment nor are you giving up your right to protest the assessment. See *The Appellate Process*.

To make a deposit in the nature of a cash bond, you must file **Form APL-004**, *Deposit in the Nature of a Cash Bond*.

If you make a deposit for less than the full amount of the assessment and you submit the payment **without** Form APL-004, the payment will be applied first to the penalty, then to the interest due, and then to the tax due. Interest continues to accrue on the balance of the assessment. If you submit the payment **with** Form APL-004, the payment is applied on a pro rata basis to the tax and interest due and reduces the amount of interest that accrues.

The deposit may be made either before or after you receive a notice of assessment from us, but before:

- The expiration of the time period for contesting the assessment, **or**
- The entry of an order by the Superior Court upholding the assessment, whichever is later.

See **Informational Publication 2000(18)**, *Deposits in the Nature of a Cash Bond*.

Claims for Refund

If you believe you overpaid your tax for a tax period, you may claim a refund by filing an amended return for that tax period. Generally, an amended return must be filed no later than three years after the due date of the tax return. However, the period for a refund claim of certain deficiency assessments is

limited to within six months after the assessments become final.

If you are **financially disabled**, the time to file a claim is extended for as long as you are financially disabled. You are considered **financially disabled** if you are unable to manage your own financial affairs by reason of a medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than 12 months. You are not considered financially disabled during any period that your spouse or any other person is authorized to act on your behalf in financial matters.

After your claim for refund is reviewed, we will tell you whether we propose to allow or disallow all or part of your claim for refund. If we propose to disallow all or part of your claim for refund and you disagree with the proposed disallowance, you may protest the notice of proposed disallowance to the DRS Appellate Division. See *The Appellate Process*.

5. You have the right to be informed of impending collection actions, which require sale or seizure of your property or freezing of your assets, except in the case of jeopardy assessments. You have the right to at least 30 days notice in which to pay the liability or seek further review.

We will offer you the opportunity to pay your tax obligations voluntarily. It is important you respond immediately to our attempts to contact you. If you do not respond, we may begin enforcement action.

Generally, DRS will give you at least 30 days notice of our intent to take civil enforcement action. If you fully pay your tax obligation within the 30-day period, no enforcement action will be taken. However, if you resolve one obligation and incur another, we will continue with collection enforcement activities.

Certain tax violations are subject to criminal penalties, such as willfully failing to file tax returns or willfully filing fraudulent or materially false tax returns. These types of violations are subject to immediate enforcement action without any prior notice.

The Collection and Enforcement Process

The Collection and Enforcement Division (C&E) is responsible for ensuring that tax returns are filed and tax liabilities are paid. C&E employs a collection strategy that includes written, telephone, and personal contact. C&E also makes assessments against responsible persons (for withholding tax, motor vehicle

fuels tax, gift tax, succession tax, estate tax, and sales and use tax) and against successors (for sales and use tax and admissions tax). You have the right to protest these assessments. See *The Appellate Process*.

Payment Arrangements

You should make every effort to pay your Connecticut taxes in full. If you cannot pay in full, you should pay as much as you can and contact C&E to set up a payment plan. You must make a full financial disclosure at the time you request a payment plan. You may also be asked to seek financing from a bank or lending institution before we approve a payment plan. We will accept your request for a payment plan based upon current DRS policies. If we approve your request for a payment plan, the plan will stay in effect only if:

- You provide accurate, correct, and complete financial information;
- You pay each installment on time;
- You pay your future tax obligations when they become due; **and**
- You provide up-to-date financial information when requested.

The payment terms may be altered if a review of your current financial records discloses a change in your financial condition or if new DRS policies are established. If your payment plan is modified, we will give you 30 days notice before any changes become effective. A tax lien may be placed on your property to secure our ability to collect the tax even if a payment plan is approved.

6. You have the right to have all other collection actions attempted before a jeopardy assessment is issued unless delay will endanger collection. After a jeopardy assessment is made, you have the right to immediate review of the jeopardy assessment.

If DRS believes the collection of any tax will be jeopardized by delay, we may estimate your tax obligations for particular periods and assess and collect the tax immediately. These assessments are called jeopardy assessments. You may protest a jeopardy assessment and you may obtain a stay of collection of all or any part of the jeopardy assessment. To obtain a stay of collection, you will be required to post a bond or other acceptable security. If you disagree with the notice of jeopardy assessment, you may file a protest with our Appellate Division. See *The Appellate Process*. Your protest must be received within ten days or must bear a U.S. postmark that is within ten days after the date of the

notice of jeopardy assessment. See *Mailing or Delivering Returns, Protests or Other Documents, or Payments to DRS*.

7. You have the right to seek review through formal or informal proceedings of any adverse decisions relating to determinations in the audit or collection process.

The Appellate Process

If you disagree with a notice of assessment, notice of proposed disallowance of a claim for refund or other determination or decision by the Commissioner, you may file a protest with our Appellate Division. The Appellate Division will work with you to resolve any outstanding issues, but it cannot disregard Connecticut tax laws in order to settle a dispute. If you are protesting a notice of assessment and have not paid the assessment, interest will continue to accrue on the tax assessed while your protest is being considered by our Appellate Division. To minimize the accrual of interest, see *Deposit in the Nature of a Cash Bond*.

To protest a notice of assessment or notice of proposed disallowance, and to request a hearing, your request must be in writing. For your convenience, an optional **Form APL-002, Appellate Division Appeal Form**, is available for you to complete and file your appeal. This form and appeal process instructions can be downloaded at www.ct.gov/APPEAL. Mail your appeal to: DRS Appellate Division, 25 Sigourney Street Ste 2, Hartford CT 06106-5032, or fax your protest to 860-297-4780. A protest, other than a protest of a jeopardy assessment, must be received within 60 days or must bear a U.S. postmark that is within 60 days after the date of the notice of assessment or notice of proposed disallowance. A protest of a jeopardy assessment must be received within ten days or must bear a U.S. postmark that is within ten days after the date of the notice of assessment. See *Mailing or Delivering Returns, Protests or Other Documents, or Payments to DRS*. Regardless of whether you use Form APL-002 or submit a separate written protest, any written protest should clearly state all of the following:

- Your name and address;
- Your Connecticut Tax Registration Number or Social Security Number;
- Case Identification Number;
- Tax type;
- Taxable period or periods;
- A statement of your protest of the notice of assessment or proposed disallowance; **and**

- A factual statement for each disputed issue that supports your position and a statement of the law or other authority on which you rely.

When we receive your protest, we will send you a letter acknowledging its receipt. Your protest will be assigned to an appellate officer or appellate specialist. You will have the opportunity to provide the appellate officer with any information you believe will help resolve your protest. In most cases, the appellate officer will contact you or your designated representative. The appellate officer will consider all relevant information, and send you a letter containing the Appellate Division's final determination.

If you disagree with the final determination letter, you may take an appeal to the Superior Court for the Judicial District of New Britain within one month from the date of the final determination letter.

8. You have the right to have your tax information kept confidential unless otherwise specified by law.

DRS takes all necessary precautions to ensure your tax information is safe and secure. Reciprocal agreements with other jurisdictions allow DRS to disclose your tax information to tax officers of other jurisdictions and to the Internal Revenue Service. We may also disclose your tax information to other government agencies if it appears that you are violating a law that those agencies are charged with enforcing. You may submit **Form LGL-002, Request for Disclosure of Tax Return or Tax Return Information**, to request a copy of your previously filed tax return.

9. You have the right to procedures for requesting the cancellation, release, or modification of liens filed by DRS. You have the right to request that any lien filed in error be so noted on the lien cancellation filed by DRS, in public notice and in notice to any credit agency.

DRS may record liens against your real and personal property to ensure the payment of your taxes. You have the right to question the recording of a tax lien. Upon full payment of your tax obligations, we will issue a Certificate of Release, but you are responsible for having the Certificate of Release recorded.

10. You have the right to procedures that ensure that individual DRS employees are not paid, evaluated, or promoted on the basis of the amount of assessments or collections from taxpayers.

DRS employs trained professionals whose performances are evaluated on the basis of the quality of service provided.

11. You have the right to have DRS begin and complete its audits in a timely and expeditious manner after notification of intent to audit.

DRS may, however, choose to audit your returns for several years at the same time to minimize the disruption for you.

Mailing or Delivering Returns, Protests or Other Documents, or Payments to DRS

Returns, protests or other documents, or payments if deposited in the U.S. mail are deemed to be received by DRS on the date of the U.S. postmark stamped on the envelope. Returns, protests, or other documents, or payments if delivered to DRS by a designated private delivery service are deemed to be received by DRS on the date recorded or marked in the manner described in Internal Revenue Code (I.R.C.) §7502 by a designated private delivery service. In general, designated private delivery services are those private delivery services designated by the Secretary of the Treasury of the United States under I.R.C. §7502. The list of designated private delivery services is subject to change. Contact DRS for a current list of designated private delivery services. See **Policy Statement 2008(3), Designated Private Delivery Services and Designated Types of Service**.

Penalty Waiver

If you were charged penalty and believe that the penalty should be waived because the failure to pay the tax on time was due to reasonable cause and was not intentional or due to neglect, you have the right to request a penalty waiver. Interest charges cannot be waived. You must pay all tax and interest due before a penalty waiver request will be considered.

Requests for a penalty waiver can be submitted electronically through your account in the **Taxpayer Service Center (TSC)**. Complete instructions are found in Answer ID 488 in the Taxpayer Answer Center at **ct.gov/drs**. Written requests for a penalty waiver must contain a clear and complete explanation of why you are requesting a waiver. Attach copies of

any documents that support your request. Mail to: DRS Penalty Review Committee, PO Box 5089, Hartford CT 06102-5089.

Offers of Compromise

DRS is authorized to accept an offer of compromise if it is based upon doubt as to your liability for a tax assessment or as to the collectibility of a tax assessment from you.

An offer of compromise based upon doubt as to liability may be made only to our Appellate Division and must be made before the assessment becomes final. See *The Appellate Process*. To request an offer of compromise from our Appellate Division, call 860-297-4775.

An offer of compromise based upon doubt as to **collectibility** may be made only to our C&E Division. To request an offer of compromise from the C&E Division, call 860-297-5901.

Offers of compromise **based upon both** doubt as to your liability for a tax assessment and doubt as to its collectibility may be made only to our Appellate Division.

To make an offer of compromise for business taxes, use **Form CT-656**, *Offer of Compromise*, and for individual income taxes, use **Form CT-656a**, *Offer of Compromise*. These forms are available on the DRS website.

For information on offers of compromise, see **Information Publication 2004(31)**, *Procedures for Making Offers of Compromise*.

Effect on Other Documents: This Policy Statement modifies and supersedes **Policy Statement 2007(2)**, *Your Rights as a Connecticut Taxpayer*.

Effect of This Document: A Policy Statement explains in depth a current DRS position, policy, or practice affecting the tax liability of taxpayers.

For Further Information: Call DRS during business hours, Monday through Friday:

- **1-800-382-9463** (Connecticut calls outside the Greater Hartford calling area only); **or**
- **860-297-5962** (from anywhere).

Select **Option 6** to speak to a representative.

TTY, TDD, and Text Telephone users only may transmit inquiries anytime by calling 860-297-4911.

Forms and Publications: Forms and publications are available anytime by:

- **Internet:** Visit the DRS website at **www.ct.gov/DRS** to download and print Connecticut tax forms; **or**
 - **Telephone:** Call **1-800-382-9463** (Connecticut calls outside the Greater Hartford calling area only) and select **Option 2** or call **860-297-4753** (from anywhere).
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Paperless Filing/Payment Methods (fast, easy, free, and confidential):

Business and individual taxpayers can use the **Taxpayer Service Center (TSC)** to file a variety of tax returns and extensions, as well as to pay taxes or bills over the Internet. Visit the DRS website at **www.ct.gov/DRS** and select an option from the list on the *TSC* image.

DRS E-Alerts Service: Get connected to the latest news from DRS. Receive notification by email of changes to legislation, policies, and procedures. **DRS E-Alerts** provide information for employer's withholding tax, *TSC-BUS* Online Filing Alerts, News – Press Releases, and Top 100 Delinquency List. Visit the DRS website at **www.ct.gov/DRS** and select e-Alerts from the left navigation bar.
