

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1044

Bill Subtitle: TO AUTHORIZE THE ESTIMATED ASSESSMENT OF TAX IF A TAXPAYER FAILS OR REFUSES TO PROVIDE RECORDS.

Basic Change :

Sponsor: Rep. Jett

HB1044 amends § 26-18-506 of the Arkansas Tax Procedure Act (ATPA) to authorize the Department of Finance and Administration (DFA) to issue an estimated assessment of tax when a taxpayer fails or refuses to produce records required to be kept under the ATPA. The estimated assessment may only be issued to a taxpayer if:

- The taxpayer refuses to produce records upon request by DFA; or
- The taxpayer refuses to produce records in response to a court order compelling the production of records that are required to be kept.

The burden of refuting the assessment will be upon the taxpayer, but records provided by the taxpayer after issuance of an assessment may be used by DFA to determine the actual amount of tax due.

Revenue Impact :

None.

Taxpayer Impact :

DFA may issue an estimated assessment to a Taxpayer if the taxpayer refuses to provide records following a request by DFA or in response to a court order.

Resources Required :

None.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

Department employees will need to be educated as well as the tax community.

Other Comments :

None.

Legal Analysis :

Under current law, DFA is authorized to make an estimated assessment of tax when a taxpayer fails to keep and maintain records. HB1044 authorizes that DFA may make an estimated assessment of tax

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when a taxpayer fails or refuses to produce records in response to a request by DFA or in response to a circuit court order compelling the production of records.