NCDOR CUSTOMER EDUCATION

Elon University – 2019 CPA Event November 8, 2019

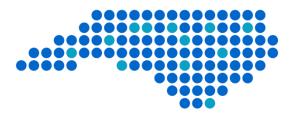
Disclaimer

- This seminar is for general information only and should not be recorded.
- This information should not be interpreted as specific tax advice for your specific situation:
 - There are some tax issues with easy answers.
 - There are many others that require more information from you before we can give you a full, accurate answer.
- For some questions it may be recommended that you follow up with a Department of Revenue representative, or a representative from another agency.
- Anyone using this presentation should be alert for changes which may result from legislative action, court decisions, Attorney General Opinions, or from rules adopted or amended under the Administrative Procedures Act, Chapter 150B of the General Statutes.
- The information presented is applicable for the date the presentation was given.



Agenda

- NCDOR Overview
- Getting Assistance from the Department
- Knowing what to expect during an Audit
- Working with the Collections
- News Alerts



NCDOR Overview



Our Mission

To fund public services benefiting the people of North Carolina, we administer the tax laws and collect the taxes due in an impartial, consistent, secure, and efficient manner.

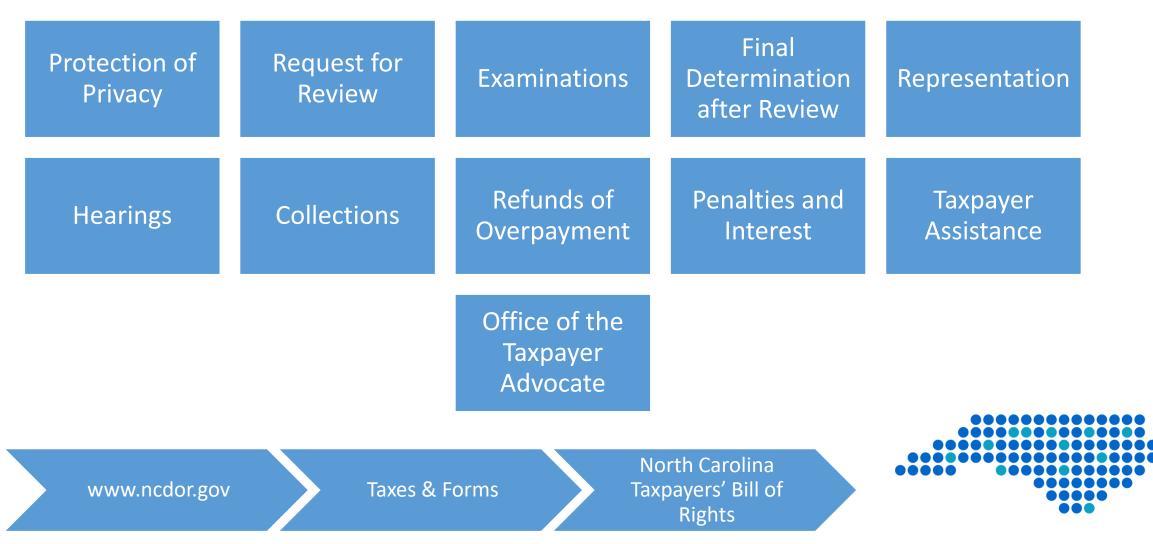
Our Vision

Together, we are a SMART organization because we:

- **S**afeguard customer information
- Maintain a knowledgeable workforce
- Achieve a high level of understanding and compliance
- **R**espond with accurate information through innovative services
- Treat our customers fairly

Taxpayer Bill of Rights

 Taxpayer <u>Bill of Rights</u> explains your rights as a taxpayer and provides information about:



Confidentiality of Taxpayer Information

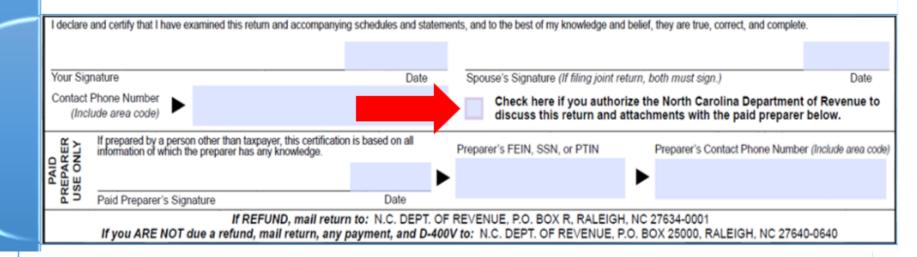
- We follow the IRS code for protecting the confidentiality of taxpayer information.
- We will not disclose any information from tax returns:
 - Internal Revenue Code Section 6103: Returns and return information shall be confidential...and no officer or employee...shall disclose any return or return information.



- Every employee agrees to protect taxpayer information as a condition of employment.
- The Department takes steps to protect electronic files and paper copies of returns and taxpayer information.
 - Additional verification processes added for taxpayer interactions in effort to enhance identify theft security

Power of Attorney

Up to December 31, 2017, tax preparers were authorized to receive specific information pertaining to Individual Income tax returns they prepared. Effective January 1, 2018, taxpayers must authorize their tax preparers to discuss the return and attachments even if they were the paid preparer.

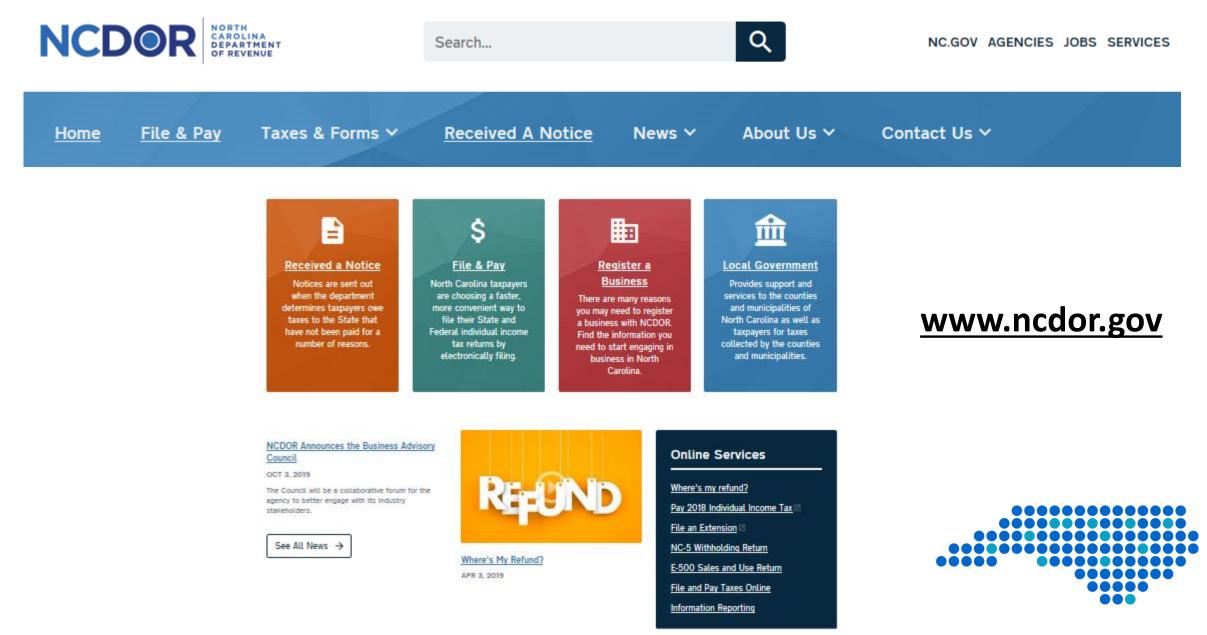




Getting Assistance from the Department



Website & eServices



Bills/Notices

Notices may be sent:

- When a taxpayer files a return but doesn't pay the tax due
- When DOR discovers a math error
- When a taxpayer does not file a required return
- When a taxpayer's records are audited

To determine what course of action a taxpayer must take:

- The taxpayer can click on the Received a Notice tab and
- Pay the bill or notice, or
- Look up the Notice ID to learn more about the notice received from the Department

www.ncdor.gov > Received a Notice

E-Business Center

Online resource for businesses to file and pay their taxes. Offers file and pay option for Withholding Tax. Offers pay only option for Alcoholic Beverage Tax, Cigarette Taxes, Corporate Estimated Income tax, other tobacco products tax, and combined general rate sales and use tax.

Secure and simple to use and it retains your bank account information for payments.

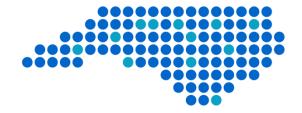
You can also designate an employee, tax preparer or attorney as your representative.

e-Business Center

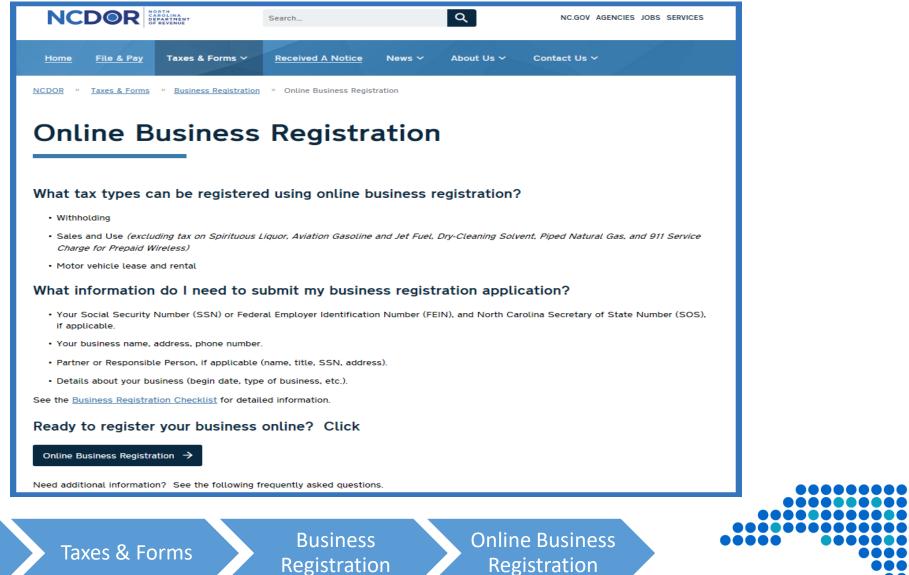
Register to use the e-Business Center to file and pay certain tax types. The e-Business Center allows you to view your filing and paying history and grant a representative access to your account. To use the e-Business Center you must register your business with NCDOR and create an NCID user ID and password.

Login to the eBusiness Center -





Online Business Registration



www.ncdor.gov

Other Electronic Filing Services

- Check the status of a refund
- Download tax forms for prior years
- Research FAQs for common tax types
- Access tax resources, notices, and tax bulletins issued by the Department
- Calculate with Individual Income Tax Estimator
- Receive tax updates by E-Alerts



Tax Professionals Web Page

Information for Tax Professionals

Stay up to date on the latest tax law changes, find the latest Department bulletins and directives, and learn about our voluntary disclosure policy in this section specifically geared to tax professionals.

Please Tell Us About Our Service

Voluntary Disclosure

Selected Taxpayers to Receive New Account Numbers

2

www.ncdor.gov

Tax Information

- Corporate Income
- Individual Income
- Estates and Trusts
- Partnerships
- Sales and Use
- Withholding
- Property Tax
- Interest Rate
- Project Collect Tax
- More

911 Service Charge for Prepaid Wireless Telecommunications Service

Administrative Code

Tax Bulletins, Directives, and Other Important Notices

Appeals Process

Departmental Policies

- Penalty Waiver 2
- Voluntary Disclosure
- <u>Nexus: Doing Business Questionnaire</u>
- Interest Rate
- Verbal Advice
- Written Determinations

Taxes & Forms

Information for Tax Professionals

In Person/Phone Resources

Taxpayer Assistance Information	Phone number: 1-877-252-3052 Assistance for Personal Income Tax, Sales and Use Tax, Withholding Tax, Corporate Income Tax, and Privilege License Tax
Tax Practitioner Line	Phone number: 919-754-2500 Top priority assistance for tax practitioners who technical and account specific questions
Service Centers	Walk-in assistance available in the following locations:
	Asheville, Charlotte, Durham, Elizabeth City, Fayetteville, Greensboro, Greenville, Hickory, Raleigh, Rocky Mount, Wilmington, Winston-Salem



Payment Options

Check/Money Order:

Mailed back with bottom portion of notice or with return

Electronic Payment:

- Bill Paying using online filing and payment system
 - System allows us to process your payment more accurately and efficiently
 - Credit/Debit Card Convenience fee of \$2.00 for every \$100.00 increment of your tax payment
 - Bank Draft no fee
- Electronic Funds Transfer (EFT)
 - Transfer the funds directly to the department from your financial institution
- Call phone number on notice or go to website <u>www.ncdor.gov</u>, under "Received A Notice" to make payment

Identity Theft

Tax fraud and refund theft are serious challenges. The NCDOR is committed to protecting taxpayer identity information and making sure thieves do not steal refunds.

For 2016, the IRS, North Carolina and other states, and the tax industry joined together to <u>enact</u> <u>new safeguards</u> and take additional actions to help combat tax-related identity theft.

Many of the new safeguards will be invisible to taxpayers, but invaluable in the fight against these criminal syndicates. In order to minimize incidence of identity theft, processing times for state tax returns and refunds may be lengthened.

How identity theft affects you and your taxes

How to reduce your risk of identity theft

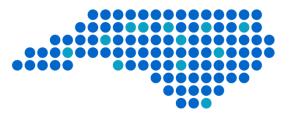
How to report identity theft if it happens to you





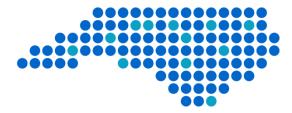
Private Letter Rulings

- Specific tax advice in writing binding on the Department
- Letter by the taxpayer sent with the question <u>AND</u> all the pertinent information
- Reply by the Department in writing will be based on information received
- N.C. Gen Stat. 105-264(d) enacted as part of Session law 2011-390, provides that "[t]he Secretary may charge a fee for providing specific written advice at the request of a taxpayer.... The Secretary may adopt a tiered fee structure based on the taxpayer's income or gross receipts, the relative complexity of the advice requested, or the tax schedule for which advice is requested. The fee shall not be less than (\$100.00) or more than (\$5,000.00). The fee may be waived by the Secretary"
 - The Secretary adopted the following fee structure for a request for specific tax advice mailed on or after February 1, 2012:
 - Private letter ruling \$500.00 per tax type, per tax issue
 - Expedite private letter ruling \$5,000.00 per tax type, per tax issue
 - Redetermination private letter ruling \$5,000.00



Tax Audits





The Audit Process

- The Department of Revenue routinely examines the books and records of businesses to make sure those businesses comply with tax statutes.
- We may ask you to provide information to verify items on your state or federal tax returns.
- Begins when you receive a phone call or letter notifying you that your tax records will be reviewed:
 - A request for information
 - An explanation of why the information is needed
 - A proposed time to meet face-to-face
- Phone call is followed by a letter that confirms the information from the call, including the appointment time and location.
- You should collect all the information requested in your notification before your face-to-face meeting.

The Audit Process

Face-To-Face Meeting: the auditor reviews the records in question, then leaves his or her preliminary findings The taxpayer has the opportunity to review the findings and provide additional information There is a second face-toface meeting where other information is reviewed (if applicable)

During the third visit, the auditor presents the Final Audit Report, which will include:

- Any additional tax due
- Or an overpayment of tax
- Or the return is "accepted as filed" (No Change letter)

The taxpayer must acknowledge receiving those findings

 That acknowledgment does not mean the taxpayer agrees with the findings...only that he or she has received them

If the taxpayer disagrees...



Disagreeing With The Department

You may request a review of the proposed action by:

Completing a Form NC-242, Objection and Request for Departmental Review, and returning it to the Department <u>within 45 days.</u>

Note: If you don't make your request for a Departmental review in that 45 day window, the proposed action is final and is not subject to further review.



Office of Administrative Hearings

You file a petition for a contested tax case hearing

You cannot petition for a contested tax case hearing until after the Department has issued a final determination

You have 60 days to file for a contested tax case hearing

You also send a copy of the petition to the Department

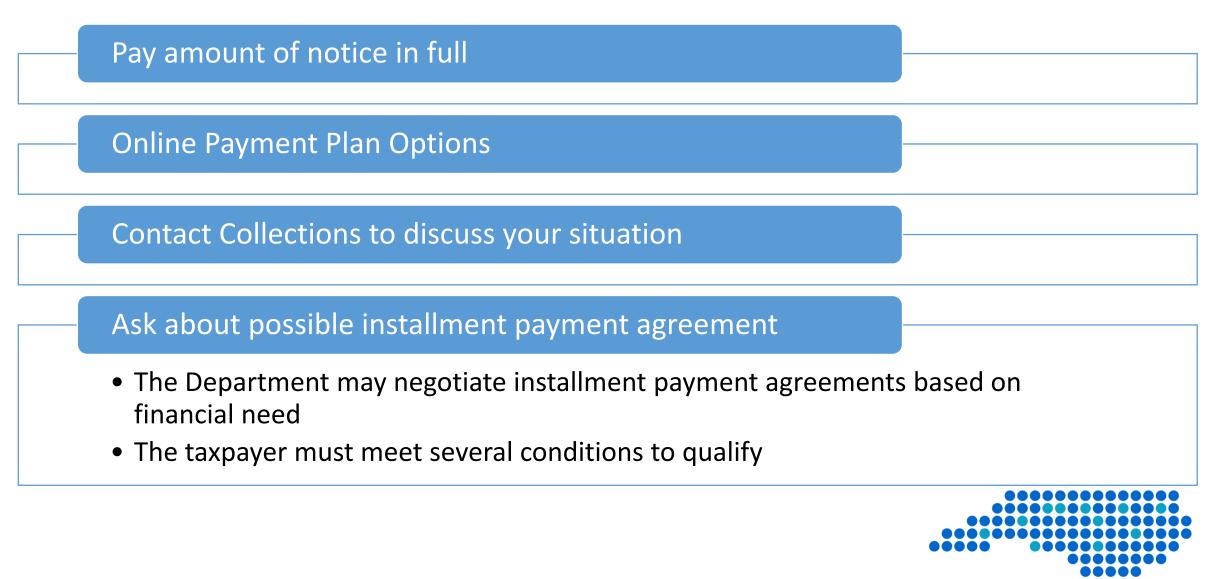
You do not have to pay the disputed tax, penalty or interest before your hearing



Working with Collections



Collections

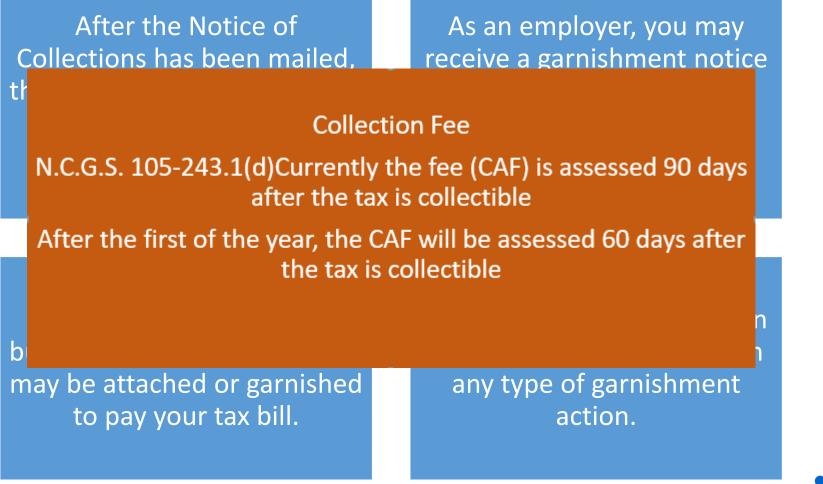


Installment Agreement Options

Тах Туре	Balance Due	Period
Individual Income	Less than \$1.000	15 months
Individual Income	\$1.000 to \$6,999	30 months
Individual Income	\$7.000 to \$49.999	40 months
Individual Income	\$50,000 or more	50 months
Business	Any amount	12 months



Garnishments



NCDOR Offer in Compromise Program

Basic Requirements

You have filed <u>all</u> required tax returns and reports

You have received a final notice of assessment for all NC state taxes owed

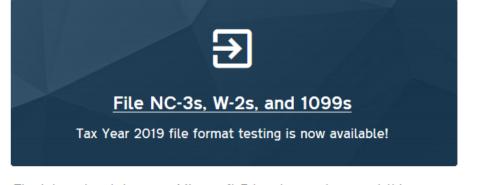
You are not subject of an open or active bankruptcy case

You have filed the current year's tax return(s) and paid any liabilities shown due in full

**G.S. 105-237.1

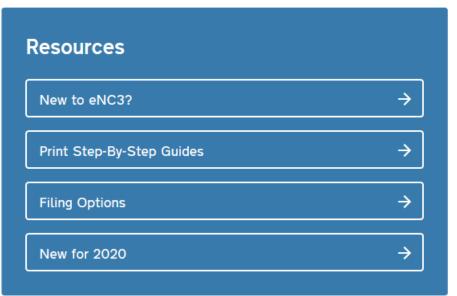
www.ncdor.gov Taxes & Forms Collections – Past Due Taxes Assistance Offer in Compromise

eNC3 and Information Reporting Application



The internet web browser Microsoft Edge does not support this application.

NOTE: The eNC3 Application will be unavailable every third Saturday and Sunday of each month for scheduled maintenance.





Customer Education Seminars

NCDOR CUSTOMER EDUCATION

How to Register for a Webinar

Questions?



