

# Taxpayer's Rights & Responsibilities

## Building a Culture of Taxpayer Service

Michigan Department of Treasury employees will provide prompt, fair and courteous services; maintain your confidentiality and process your tax return in a timely manner.

## Taxpayer Responsibilities

Taxpayers have a responsibility to:

- File returns on time with the correct payment if they owe taxes.
- Provide the legal name, SSN or FEIN on all correspondence and payments sent to Treasury.
- Make sure returns are correct no matter who prepared them.

Treasury strives to make tax information, instructions and forms clear and easy to follow. For more tax information, visit: [www.michigan.gov/taxes](http://www.michigan.gov/taxes)

## The Billing Process

If Treasury's review indicates a taxpayer may owe taxes, the following actions will be taken:

1. **Letter of Inquiry:** Treasury will send a *Letter of Inquiry* explaining the amount due. If the taxpayer agrees with this amount, he or she should pay immediately. If the taxpayer disagrees with the amount stated or has further questions, Treasury should be contacted right away using the address or telephone number found in the letter.
2. **Thirty days after issuing the Letter of Inquiry:** If contact has not been made or the amount has not been paid, Treasury will issue a *Notice of Intent to Assess (Intent to Assess)* for the balance of taxes due. If the taxpayer disagrees with the amount, a written request for an informal conference may be submitted within 60 days of the date the *Intent to Assess* is received (see *The Appeals Process*).
3. **Sixty days after the Notice of Intent to Assess:** Unless the amount due is paid in full, an informal conference has been requested, or Treasury has received information to correct the amount due, Treasury will issue a *Bill for Taxes Due (Final Assessment)*.

## Paying the Tax

Payments may be made any time during the billing process. If full payment cannot be made, a payment arrangement may be requested by contacting the Office of Collections at 517-636-5265.

## Penalty and Interest

Interest and/or penalty will apply as long as there is a tax balance due. Penalty on an assessment may be waived if reasonable cause for failure to pay on time is demonstrated. Reasonable cause may be serious illness or death, a fire or natural disaster, or criminal acts against the taxpayer. The penalty waiver will apply only to periods directly affected by the circumstances. Waiver requests must be made in writing.

## The Appeals Process

Taxpayers have the right to the following:

### Informal Conference

1. An informal conference may be requested in writing to Treasury within 60 days of the date of a refund denial (in whole or in part) or within 60 days of receipt of a *Notice of Intent to Assess*. The following information must be included in the request:
  - The amount of tax disputed
  - An explanation of the dispute
  - Payment of the undisputed portion of the tax bill.
2. Taxpayers may bring an attorney or a representative. Informal Conferences may be recorded within 7 days prior written notice.
3. The informal conference referee will make a recommendation to a Treasury Executive who will issue a final decision.
4. The informal conference is optional. A taxpayer may seek relief from a *Final Assessment* or refund denial directly in the Michigan Tax Tribunal or Court of Claims.

### Tax Tribunal or Court of Claims

A refund denial or a *Final Assessment* may be appealed to either:

- The Michigan Tax Tribunal within 60 days, which requires payment of the undisputed amount of the assessment, **or**
- The Court of Claims within 90 days, which requires payment of the undisputed amount of the assessment.

Decisions of the Tax Tribunal or the Court of Claims may be appealed to the Court of Appeals and ultimately to the Michigan Supreme Court.

## **Non-Payment of Tax Balance**

Failure to make payment in full or to enter into an approved payment arrangement will initiate collection action by Treasury. Collection action will not be taken before appropriate notice has been given and due process has been provided. The collection process may be stopped at any time by paying the balance in full or entering into an approved payment arrangement. Treasury may take collection action to secure payment of the debt, including:

**Liens:** Treasury will file liens on real and personal property to protect the interest of the State. Liens will be filed regardless of whether an approved payment arrangement is in place. *Liens become a public record and may affect the credit rating of the taxpayer. In most cases, property cannot be sold or transferred until the past-due tax is paid and the lien is released.*

**Wage Levy:** Treasury may serve a levy against a taxpayer's wage, salary, bonus, commission and other compensation from an employer. A wage levy requires a taxpayer's employer to pay the past-due debt by deducting a specified amount from a taxpayer's net wages until the amount is paid. A filing fee of \$55 will be added to the delinquent amount due for each levy served.

**Financial Institution Levy:** Treasury may serve a levy against a taxpayer's account(s) at financial institutions which requires the financial institution to send Treasury any funds up to the total past due balance. A filing fee of \$55 will be added to the delinquent amount due for each levy served.

**Offsets:** Treasury may offset any income tax refunds or payments owed to a taxpayer by the State and apply it to the debt regardless of any payment arrangement.

**Other Actions:** Treasury has the authority to take immediate action to freeze assets and restrict the transfer of property.

## **Other Important Information**

### **Estimating Tax Liability**

If income taxes are not withheld from a taxpayer's wages or if more than \$500 will be owed on the annual return, quarterly estimated tax payments must be made on *Michigan Estimated Income Tax for Individuals* (Form MI-1040ES). A bill may be issued for additional penalty and interest for failing to make quarterly payments.

### **Claiming a Refund**

A claim for refund of overpaid taxes should be filed on a *Michigan Individual Income Tax Return* (Form MI-1040). A taxpayer has four years from the date the return is due (April 15) to claim a refund.

Current year returns submitted by the tax filing deadline are usually processed by June 1st. Interest will be applied to refunds beginning 45 days after the return is filed or 45 days after the due date, whichever is later.

### **Refund Different Than Expected**

Treasury will send an explanation for adjustments made to returns. Taxpayers may request an informal conference to appeal the adjustment. A request for an informal conference must be made within 60 days of the date of the explanation letter.

### **Confidentiality**

Treasury employees are required to protect confidential information. Disclosure of tax information to any third party must be authorized by the taxpayer before it can be released. To authorize, an *Authorized Representative Declaration (Power of Attorney)* (Form 151, available on Treasury's Web site) must be submitted to Treasury. Confidential tax information will be shared with other government agencies as authorized by law.

## **Contact Information**

For questions about tax debts that have been assessed, contact the Office of Collections at 517-636-5265, or contact the appropriate tax unit below.

Cigarette/Tobacco Tax	517-636-4630	Michigan Business Taxes	517-636-6925
Corporate Income Tax	517-636-6925	Motor Fuel Taxes	517-636-4600
Health Insurance Claims Assessment	517-636-0515	Sales, Use, and Withholding Taxes	517-636-6925
IFTA	517-636-4580	Single Business Tax	517-636-6925
Individual Income Taxes	517-636-4486		

### **Office of the Taxpayer Advocate**

The Office of the Taxpayer Advocate works to ensure taxpayer's rights are protected and Treasury's processes are fairly administered. As the resource of last resort, the Office assists individual and business taxpayers by resolving account specific issues that have not been resolved through Treasury's normal channels. Taxpayers have the right to file a complaint if they feel a Treasury employee has not provided fair, courteous service or has in some way violated the confidentiality provisions. Contact the Office of the Taxpayer Advocate by e-mailing [taxpayeradvocate@michigan.gov](mailto:taxpayeradvocate@michigan.gov) or writing to:

Michigan Department of Treasury  
Taxpayer Advocate Office  
Lansing, MI 48922