

MISSOURI TAXPAYER

BILL OF RIGHTS

The purpose of this Bill of Rights is to inform you, the Missouri taxpayer, of your rights under Missouri laws. Missouri statutes include strong incentives for voluntary tax compliance, but at the same time, provide taxpayers protection against inappropriate tax collection efforts. The General Assembly constructed these laws to promote fairness, confidentiality, and consistency in application.

The Department of Revenue's goals go beyond honoring your statutory rights. Our primary goal is to treat each and every taxpayer fairly, professionally, and courteously. To this end, good public relations is one of the job components of every employee. We expect our employees to deal with taxpayers in a polite, respectful manner, and, at the same time, try to answer questions or resolve any problems as quickly as possible.

General Rights

Payment of Only the Least Tax Due

You have the right to plan and arrange your finances in such a manner that you will pay the least amount of tax due under the law.

Courtesy and Consideration

You have the right to be treated fairly, with courtesy and consideration at all times by employees of the Department of Revenue. You have the right to know the name or identifying number of the employee who is assisting you. If you feel you are not receiving courteous service from a department employee, you have the right to speak with the employee's supervisor.

Privacy and Confidentiality

You have the right to have your personal and financial information kept confidential. You can feel secure in knowing the Department of Revenue will only disclose tax information to other state and federal agencies as provided by law.

Information and Assistance

You have the right to information and assistance in complying with the tax laws. If you need information and Missouri tax laws, you may access the Missouri Statutes at www.moga.mo.gov/statutesearch. We provide telephone and walk-in assistance in our offices located throughout the state. To make sure that Department of Revenue representatives give accurate and courteous answers, a second representative sometimes monitors telephone calls. If you need additional information, you may access the following web site: <http://www.sos.mo.gov/adrules/csr/csr.asp> to view regulations online.

Ombudsman

You may seek assistance from a taxpayer rights advocate, or ombudsman, within the Department of Revenue. The ombudsman is charged with the responsibility of assisting taxpayers in resolving complaints and problems. All other routine department channels must have been exhausted before the ombudsman will take an active role in resolving your problem.

Informational Letters

If you have a question concerning your rights or obligations, or the Department of Revenue's opinion as to how the law applies to a specific situation, you have the right to request a non-binding tax assistance letter from the department by writing the Department of Revenue, P.O. Box 854, Jefferson City, MO 65105-0854.

Binding Letter Rulings

If you have a question concerning your rights or obligations as they pertain to a specific set of facts and you would like a legally binding ruling on your question, you may request that the Department of Revenue provide you with a binding letter ruling, which is a written interpretation of the law as it pertains to your specific set of facts. However, you will need to follow the department's regulation that specifies the requirements for requesting binding letter rulings (see 12 CSR 10-1.020).

Tax Clearances

If, for any reason, you need a certificate of tax clearance or a certificate of no tax due for your account, you may request a clearance from the Department of Revenue and expect the department to act on the request in a timely and efficient manner. If the requested clearance cannot be issued, you have the right to know what tax reports and payments are required in order for the clearance to be issued. Tax Clearance Requests should be sent to the Department of Revenue, P.O. Box 3666, Jefferson City, MO 65105-3666.

Compelled to Testify

If you are ordered by subpoena by the Department of Revenue to testify for any reason, you should know that the information obtained from your testimony cannot be used to criminally prosecute you for violating the same Missouri law.

Legal Representation

Individuals are not required to have legal representation in proceedings before the Administrative Hearing Commission (AHC) (Missouri's "tax court"). The AHC hears appeals of the Department of Revenue's final decisions and other actions. However, if you desire, you may have your accountant or attorney represent you during audit procedures, or have legal representation at any hearing or proceeding involving the Department of Revenue. You must execute a written Power of Attorney (Form 2827) if you will not be present.

Fax Communications

Whenever you are required to send a notice to the Director of Revenue by United States mail, you may substitute the written notice with an electronic facsimile transmission, commonly known as a fax. The fax shall be construed as adequate notice if otherwise timely sent. A notice being served on the director by fax must be transmitted to fax number (573) 751-7150.

Audits

Department of Revenue (department) audits will be conducted at a reasonable place and time. You will be given reasonable notice of an upcoming audit. Before or during the initial interview, the auditor will explain the audit process. The department's tax auditors are not compensated based upon the dollar amount of their audit assessments or collections.

Recovery of Legal Expenses

If a court or the Administrative Hearing Commission decides in your favor in a proceeding versus the Department of Revenue, you may apply to the court or commission for recovery from the state of reasonable legal fees you incurred. However, you are entitled to this recovery of fees only if the court or commission determines the position of the department was vexatious or not substantially justified.

Erroneously Filed Liens

If the Department of Revenue (department) erroneously files a lien against your property, you may request that the department release the lien, request expungement of the lien from the county recorder's records, and notify any creditors who were affected by the department's actions.

Income Tax / Franchise Tax

Abatement of Erroneous Tax

You may petition the Department of Revenue to abate any tax due that was erroneously or illegally assessed. Individual income tax petitions must be submitted in writing and mailed to: Missouri Department of Revenue, P.O. Box 385, Jefferson City, MO 65105-0385. Corporation income and corporation franchise tax petitions must be submitted in writing and mailed to: Missouri Department of Revenue, P.O. Box 700, Jefferson City, MO 65105-0700.

Extension of Time

If, for good cause, you need additional time to file your Missouri income tax return, you may file an extension (Form MO-60, Application for Extension of Time to File for individual income tax or Form MO-7004, Application for Extension of Time to File for corporate income/franchise tax) of up to six months. Additionally, if you have been granted an extension of time to file your federal income tax return by the IRS, you also receive an equal extension of time to file your Missouri return. In all cases, however, the extension of time to file does not extend the time to pay. You will be responsible for paying any additions to tax for failure to pay and interest accrued during the period.

Deficiencies

Reason for Underpayment

If you are sent a billing (Notice of Adjustment) by the Department of Revenue (department) requesting either an initial payment or an additional payment for income taxes, you have a right to know why the department has determined you owe the amount billed.

Protest of Deficiency

If you do not respond to the Notice of Adjustment, you will be issued a Notice of Deficiency by certified mail. You may dispute the amount assessed you in a Notice of Deficiency by filing an official protest with the Department of Revenue (department) within 60 days (150 days if outside the U.S.) of the date you were sent the notice. If you dispute the amount

assessed, the department will reconsider the proposed deficiency, and render a Final Determination notifying you of the findings of fact and the basis of the Final Determination. Your protest may also include a request for an informal hearing.

Appeal of the Department's Decision

If you are still not satisfied with the Department of Revenue's (department) decision, you may seek a review of your case by the Administrative Hearing Commission (AHC), which is not part of the Department of Revenue. However, you must file your appeal with the AHC within 30 days of the date you were sent the Final Determination by the department.

Appeal of Administrative Hearing Commission's Findings

Once you have exhausted your appeals through the administrative channels explained above, you may take your appeal to the state court system. Again, however, you must file your appeal with the appropriate state court within 30 days of the Final Determination by the Administrative Hearing Commission.

Statute of Limitations on Deficiencies

You will not be sent a Notice of Deficiency for additional payment of income taxes more than three years after the date you filed the return or the due date, whichever is later. However, there are three exceptions to this general rule: 1) If you fail to amend your Missouri return and pay any additional tax due, plus applicable interest within 90 days after a federal adjustment, the Missouri Department of Revenue (department) can bill you later than three years after the original return was filed; 2) If you omit more than 25 percent of your Missouri adjusted gross income, the department can take up to six years to bill you for the additional tax, interest, or additions to tax; 3) If you fail to file a return or file a fraudulent return, there is no time limitation for the department to bill you for the tax, interest, and additions to tax.

Refunds

Refund Claims

The Department of Revenue (department) has the duty to refund any overpayment of income tax due. If you believe you are due a refund, you may file an amended return and request a refund, provided you file the amended return within three years of the filing of the original return (income tax only) or within two years of the date the tax was paid (income tax or franchise tax) or within one year and 90 days from the Final Determination by the Internal Revenue Service (income tax only). Upon receipt of a request for refund, the department will review the return and notify you of its decision or findings.

Protest of Denied Claim

If your claim for a refund is denied, you may dispute the denial by filing an official protest with the Department of Revenue (department). However, you must file the protest within 60 days of the denial. At that time, the department will reconsider the claim, make a Final Determination and notify you of its findings and the basis of the decision.

Appeal of the Department's Decision

If you are still not satisfied with the Department of Revenue's (department) decision, you may seek a review of your case by the Administrative Hearing Commission (AHC), which is not part of the Department of Revenue. However, you must file your appeal with the AHC within 30 days of the date you were sent the Final Determination by the department.

Appeal of Administrative Hearing Commission's Findings

Once you have exhausted your appeals through the administrative channels explained above, you may take your appeal to the state court system. Again, you must file your appeal within 30 days of the Final Determination by the Administrative Hearing Commission.

Interest on Overpayments

You will receive interest from the Department of Revenue (department) on any overpayment of the income tax due for a filing period if the department does not refund to you the amount overpaid within four months of the date you file your return, the original due date, or the extended due date, whichever is later.

Sales & Use Tax

Prompt Issuance of Sales Tax License

If you are required by law to have a sales tax license, you will be issued that license within 10 working days of the time you submit a correctly completed application, bond, and pay any past due tax, penalty, interest, or additions to tax you may owe.

Operating Without a Sales Tax License

If you are a seller making retail sales without a sales tax license, you should know you are committing a misdemeanor and you could be subject to a penalty of \$500 for the first day and \$100 per day thereafter up to a maximum of \$10,000.

Release of Bonds

If you have shown satisfactory tax compliance for at least two consecutive years, you may request to have your original sales tax bond released or refunded to you.

Extension of Time

If, for good cause, you need additional time to pay sales tax owed, you may request an extension of up to 60 days to make payment. However, you will be responsible for paying any interest accrued during the period.

Correction of Returns

You should correct any accidental errors or omissions discovered in a sales tax return. Many errors may be corrected on an amended return. You will, however, be subject to interest and additions to tax if an error resulted in an underpayment.

Refund Claims

If you believe the Department of Revenue (department) owes you a refund for overpayment of sales/use tax, you may file a claim for refund. However, you must file the claim within three years of the date the tax was paid. Upon receipt of a claim for refund, the department will consider the claim and notify you of its decision or findings.

Statute of Limitations on Additional Assessments

In general, you will not be sent a notice of additional assessment of sales/use tax more than three years after the date you filed the return or the due date, whichever is later. If, however, you did not file a return at all, or you filed a fraudulent return, you may be sent a notice of additional assessment at any time.

Petition for Reassessment

You may dispute any additional amount of sales/use tax assessed by petitioning the Department of Revenue (department) for a reassessment. However, you have a 60 day time

limit to appeal the assessment to the Administrative Hearing Commission (see next column), and your petition to the department for reassessment does not extend this time limit. Upon receipt of a petition for reassessment, the department will reconsider the additional assessment, make a determination, and notify you of its decision.

Appeal of the Department's Decision

If you are not satisfied with the Department of Revenue's (department) additional assessment, you may seek a review of your case by the Administrative Hearing Commission (AHC), which is not part of the department. You must file your request for review with the AHC within 60 days of the date you were sent the notice of additional assessment by the department.

Informal Review

You may request the Director of Revenue conduct an informal review of the additional assessment. You must request this informal review within 60 days from the date you were sent the assessment. A request for an informal review does not extend or affect the 60 days within which you may file an appeal with the Administrative Hearing Commission.

Appeal of Administrative Hearing Commission's Findings

Finally, once you have exhausted your appeals through the administrative process explained above, you may take your appeal to the state court system. Again, you must file your appeal within 60 days of the decision by the Administrative Hearing Commission.

Interest on Protest Payments

If a court or the Administrative Hearing Commission decides in your favor in a proceeding versus the Department of Revenue (department), you may recover from the department all sales/use tax payments made under protest. You will receive interest from the department on the protest payments.

Collection Procedure

Administrative Dissolution of Corporate Charter

If a corporation fails to file its annual registration reports; fails to file and/or pay its annual corporate income and/or franchise tax; fails to pay any final assessment of employer withholding or sales and use taxes; acquires its franchise through fraud; has continued to exceed or abuse the authority granted to it by law or has continued to violate any section(s) of the criminal code of the State of Missouri after written demand to discontinue, it shall have its corporate rights and privileges forfeited.

Liability of Responsible Parties for Corporate Debts

Liability for sales, use, and employer withholding tax delinquencies may be assessed against responsible corporate officers and employees of a corporation, whether the corporation is in good standing or has been dissolved. This assessment of the responsible parties is imposed if the sales, use, or employer withholding tax assessment against the corporation is final.

Offer in Compromise

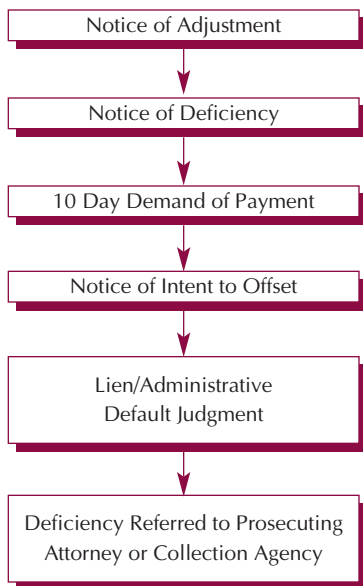
If you do not have sufficient funds, assets or means available to pay certified delinquent taxes (individual income, corporate income/franchise, employer withholding and sales/use taxes) you may request an Offer in Compromise (OIC) by submitting a letter to the Missouri Department of Revenue (Department). The offer must include a proposal to pay a sum of money.

Missouri law provides three reasons as a basis for an OIC: doubt as to collectibility, doubt as to liability, or to promote effective tax administration. Further information, including Form MO-656 Missouri Offer in Compromise Form, may be obtained at: <http://dor.mo.gov/tax/pros/compromise.htm>

Income Tax / Franchise Tax Collection

Listed below are the civil collection procedures for individual income tax, corporate income/franchise tax and employer withholding tax deficiencies. The Notice of Adjustment is the first notification of a deficiency. You have 60 days from the date of the second notice, called the Notice of Deficiency, to request a redetermination by the Department of Revenue. If you do not request a redetermination within the 60 day period, the assessment becomes final. You may arrange to pay the deficiency at any stage of the collection process.

(Some delinquencies may be referred to a professional collection agency. Missouri statutes also provide for a 100 percent

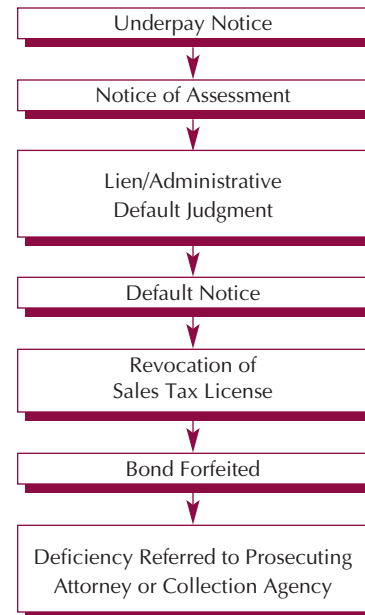


penalty (for employers) and criminal prosecution of willful attempts to evade or defeat the income tax.)

Sales and Use Tax Collection

Listed below are the civil collection procedures for sales and use tax assessments. The Underpay Notice is the first notification of a deficiency. You have 60 days from the date of the second notice, called the Notice of Assessment, to request a reassessment or appeal the assessment to the Administrative Hearing Commission. If you do not appeal or request a reassessment within the 60 day period, the assessment becomes final. You may, however, pay the assessment at any stage of the collection process.

(Some delinquencies may be referred to a professional collection agency. Missouri statutes also provide for a 100 percent civil penalty and criminal prosecution of willful attempts to evade or defeat state sales or use tax.)



Taxpayer Services

Department of Revenue

Harry S Truman State Office Building, Room 330
301 W. High St., P.O. Box 854
Jefferson City, MO 65105-0854

Customer Services Division:

Individual Income Tax: (573) 751-3505
Sales/Use Tax: (573) 751-2836
Miscellaneous Business Taxes: (573) 751-2326
Corporate Income Tax: (573) 751-4541
Corporate Franchise Tax: (573) 751-4541
Motor Fuel: (573) 751-2611
Registration: (573) 751-5860
Employer Withholding: (573) 751-3505

Delinquent Taxes:

(573) 751-7200

Ombudsman:

Department of Revenue
Office of the Ombudsman
P.O. Box 475
Jefferson City, MO 65105-0475
(573) 526-3872

Field Compliance:

(573) 751-3736

Department of Revenue Tax Assistance Centers

Cape Girardeau

3102 Blattner, Suite 102
Cape Girardeau, MO 63703
(573) 290-5850

Jefferson City

301 W. High St. Room 330
Jefferson City, MO 65105
(573) 751-7191

Joplin

1110 E. Seventh St., Suite 400
Joplin, MO 64801-2286
(417) 629-3070

Kansas City

State Office Building
615 East 13th St., Room 127
Kansas City, MO 64106-4039
(816) 889-2944

St. Joseph

State Office Building, Room 314
525 Jules
St. Joseph, MO 64501-1900
(816) 387-2230

St. Louis

3256 Laclede Station Road
Suite 101
St. Louis, MO 63143
(314) 877-0177

Springfield

State Office Building, Room 313
149 Park Central Square
Springfield, MO 65806-1386
(417) 895-6474

Individuals with speech/hearing impairments may reach a voice user through the Dual Party Relay Service. TDD (800) 735-2966.