

City of Los Angeles



OFFICE OF FINANCE

TAX APPEAL PROCESS

INFORMATION PAMPHLET

August 2007

Table of Contents

I.	General Background.....	2
II.	Assessment Review.....	2
	A. Objectives.....	2
	B. Assessment Review Process.....	3
	1. Request for a Hearing.....	3
	2. Submission of Position Papers.....	3
	3. Hearing.....	3
	4. Decision of the Assessment Review Officer.....	4
	5. Exhaustion of Administrative Proceeding.....	4
III.	Board of Review.....	4
	A. Objectives.....	4
	B. Board of Review.....	5
	C. Board of Review Process.....	5
	1. Request for a Hearing.....	5
	2. Submission of Position Papers.....	5
	3. Hearing.....	6
	4. Decision of the Board of Review.....	6
IV.	Settlement Bureau.....	7
V.	Effect of Delay in Administrative Proceedings.....	7
VI.	Contact Person.....	8

THE APPEAL PROCESS: INFORMATION PAMPHLET

I. General Background

The Office of Finance may give notice of assessment pursuant to LAMC (Los Angeles Municipal Code) Section 21.16 to a taxpayer whenever it determines that a tax is due or may be due to the City of Los Angeles. The notice shall state the principal tax due, as determined or estimated by the Office of Finance, plus applicable interest and penalty through the date of the assessment.

The taxpayer has an administrative right to appeal the assessment. Effective January 1, 2002, LAMC Section 21.16 provides the taxpayer with two levels of appeal. The first level is a hearing before an Assessment Review Officer and the second level is a hearing before the Board of Review. A taxpayer cannot proceed to the second level unless heard on the first level. The taxpayer need not go to both levels and a hearing before an Assessment Review Officer, if not appealed to the Board of Review, is deemed an exhaustion of the full administrative remedies available to the taxpayer.

II. Assessment Review

A. Objectives

The primary objective of this appeal procedure is to provide an administrative opportunity to the taxpayer and the City to resolve the tax disputes fairly and without litigation while the secondary objective is to streamline the entire hearing process.

The Assessment Review Officer is a Senior Tax Auditor in the Office of Finance, who is not involved in the audit or collection process of the case being appealed. The Assessment Review Officer has a strong background in taxes administered by the City of Los Angeles.

To accord the Assessment Review Officer with a fair degree of independence, this position reports directly to the Director of Finance. He/She is expected to apply the body of tax law reasonably and impartially while striving for uniformity and consistency with respect to taxpayers in similar circumstances. His/Her decision shall be based on the merits of the case and the evidence presented by the assessed party and the representative of the Office of Finance.

B. Assessment Review Process

1. Request for a Hearing

Within 15 days from the date of service of an assessment, the taxpayer may appeal the assessment by requesting, in writing, a hearing before the Assessment Review Officer. The request should be directed to the Director of Finance and should state the basis or bases for the request.

A hearing date shall be set no later than 90 days from date of application. Notice of the time and place of the hearing shall be mailed to the taxpayer **no later** than 15 days before the hearing date.

2. Submission of Position Papers

After an appeal has been filed, the taxpayer may request a copy of the audit work papers and summaries, if copies have not been previously supplied.

The Assessment Review Officer **must** receive the position papers and supporting documents and/or evidence of each party at least **15** days after the postmark date of the notification of hearing. The Assessment Review Officer will provide each party the position papers of the other party.

3. Hearing

At the hearing, the taxpayer and the representative of the Office of Finance will orally present their evidence, as they believe to be relevant to their respective positions.

Either of the parties and the Assessment Review Officer may rebut or seek clarification from any of the parties. Additional documents or evidence on the issues raised in the position papers may need to be submitted by either party on a date agreed upon during the hearing. Additional documents or evidence should be submitted to the Assessment Review Officer, who may continue the hearing from time to time for the purpose of allowing the presentation of additional evidence.

Postponement of the hearing shall be at the sole discretion of the Assessment Review Officer and normally only for compelling reasons such as death, sickness, fire, etc. Any

request for postponement by the taxpayer or the representative of the Office of Finance shall be in written form addressed to the Assessment Review Officer (see Page 8) and shall include a statement and evidence of the reasons supporting postponement. An approval or disapproval shall be communicated in writing to the party seeking postponement no later than 5 days before the hearing. If the request for postponement is approved, a **new** notice of hearing shall be mailed to the taxpayer **no later than 15 days** before the **new** hearing date. The taxpayer and the representative of the Office of Finance must submit the position papers and supporting documents and/or evidence of each party at least **15 days** after the postmark date of the new notification of hearing.

4. Decision of the Assessment Review Officer

The Assessment Review Officer may affirm the assessment, decrease the assessment or increase the assessment, but any increase must be asserted on behalf of the City before or during the hearing. The Assessment Review Officer shall inform the taxpayer in writing of the decision on the case in the same form and in the same manner as the notice of assessment, normally, within 90 days from the date of final hearing before the Assessment Review Officer.

5. Exhaustion of Administrative Proceeding

The taxpayer may appeal the decision of the Assessment Review Officer, but is not required to do so. If the taxpayer does not appeal the decision of the Assessment Review Officer, the taxpayer shall be deemed to have exhausted the administrative proceedings provided by LAMC Section 21.16.

III. Board of Review

A. Objectives

This next level of appeal is intended to provide the taxpayer an opportunity to be heard by a panel, not involved in the first hearing, if the taxpayer is not satisfied with the decision of the Assessment Review Officer.

B. Board of Review

The Board of Review is composed of staff from the Controller's Office, the Office of Finance, and a member of the public, representing the business community.

C. Board of Review Process

1. Request for a Hearing

Within 15 days from the date of service of the decision of the Assessment Review Officer, the taxpayer may appeal the decision of the Assessment Review Officer by requesting a hearing before the Board of Review. The taxpayer shall address the request to the Assessment Review Officer and shall state the basis or bases for the request.

The Office of Finance shall acknowledge in writing the receipt of the request for a hearing. This acknowledgment shall include a request for the taxpayer to submit any **supplemental** evidence the taxpayer may wish to submit to support his/her position previously submitted and heard in the Assessment Review hearing, no later than 15 days from the date of the acknowledgement letter.

A hearing date shall be set no later than 90 days after the filing of the appeal. Notice of the time and place of the hearing shall be mailed to the taxpayer no later than 15 days before the hearing date.

2. Submission of Position Papers

All position papers, evidence, and arguments submitted by both parties to the Assessment Review Officer and a copy of the decision by the Assessment Review Officer shall be forwarded to the Board of Hearing and shall be part of the documents to be reviewed by the Board.

The taxpayer and/or the representative of the Director of Finance (other than a member of the Board of Review) may submit additional evidence and arguments on the issues presented in the Assessment Review hearing, as they believe to be relevant to their respective positions.

3. Hearing

At the hearing, except in extraordinary circumstances, the issues to be heard shall be limited only to those that have been presented and discussed in the Assessment Review hearing.

Both the taxpayer and the representative from the Office of Finance shall present their respective positions. The taxpayer shall support his/her arguments on why the issues brought to the Assessment Review Officer have not been resolved satisfactorily. Additional information or evidence may be brought before the Board of Review hearing to support the issues raised in the hearing before the Assessment Review Officer.

The Board of Review may require the presentation of additional evidence and/or argument from the taxpayer and/or the representative of the Director of Finance and may allow the hearing to be continued from time to time for the purpose of allowing the presentation of the required additional evidence and/or argument on the issues raised in the hearing before the Assessment Review Officer.

Postponement of the hearing shall be at the sole discretion of the Board of Review and normally only for compelling reasons such as sickness, fire, etc. Any request for postponement by the taxpayer shall be in written form addressed to the Representative of the Office of Finance on the Board (Hearing Officer, see Page 8) and shall include a statement and/or evidence of the reasons supporting postponement. An approval not communicated in writing to the party seeking postponement 5 days before the hearing shall be deemed denied.

4. Decision of the Board of Review

By majority vote of its members, the Board of Review may affirm or decrease the assessment. Written notice of the decision of the Board of Review shall be given to the taxpayer in the same form and in the same manner as the notice of assessment. Any minority opinion will be included in the notice.

IV. Settlement Bureau

A taxpayer, who has been assessed under LAMC Section 21.16 for taxes and/or who has filed a claim for refund of overpaid tax which has been denied in whole or in part, may offer in writing to settle the assessment and/or refund. Such offer shall be addressed to the Settlement Bureau of the Office of the City Attorney and shall state the amount the taxpayer proposes to pay or receive from the City and the factual and legal grounds in support of the offer. Unlike the Assessment Review and Board of Review hearings, the Settlement Bureau is not part of the formal tax appeals process.

The Settlement Bureau may accept the offer, reject it or make a counteroffer subject to certain criteria. The tender or pendency of the offer shall not affect the timing or disposition of any administrative proceeding under LAMC Section 21.16. A written settlement agreement between the City and the taxpayer will terminate any pending administrative proceeding on a claim subject to the settlement. Settlement offers need to be submitted to the Settlement Bureau (see page 8). A pending offer or counteroffer shall be deemed rejected when litigation is brought by or against the City.

V. Effect of Delay in Administrative Proceedings

Failure of the Director of Finance to set **any** hearing within the time prescribed by LAMC Section 21.16 shall not affect the validity of any proceedings taken under said section.

For further information, visit our Web site at www.lacity.org/finance.

OFFICE OF FINANCE

Tax and Permit Division

P.O. Box 53200

Los Angeles, CA 90053

Fax No. (213) 368 - 7076

Assessment Review Hearing

Joseph Gan, Senior Tax Auditor

Assessment Review Officer

(213) 368 - 0527

Board of Review Hearing – Office of Finance Representative

Robert Razon, Senior Tax Auditor

Hearing Officer, Board of Review

(213) 368 - 7089

Office of the City Attorney

Economic Development Division

200 N. Main St., 920 City Hall East,

Los Angeles, CA 90012

Fax No. (213) 978-7711

Settlement Bureau

Beverly A. Cook, Deputy City Attorney

(213) 978-7784