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HOUSE BILL NO. 497**AMENDMENT IN THE NATURE OF A SUBSTITUTE**(Proposed by the House Committee on Finance
on January 27, 2014)

(Patron Prior to Substitute—Delegate Head)

A BILL to amend and reenact § 58.1-3703.1 of the Code of Virginia, relating to appealing the local license tax classification or subclassification of a business.

Be it enacted by the General Assembly of Virginia:**1. That § 58.1-3703.1 of the Code of Virginia is amended and reenacted as follows:****§ 58.1-3703.1. Uniform ordinance provisions.**

A. Every ordinance levying a license tax pursuant to this chapter shall include provisions substantially similar to this subsection. As they apply to license taxes, the provisions required by this section shall override any limitations or requirements in Chapter 39 (§ 58.1-3900 et seq.) of this title to the extent that they are in conflict.

1. License requirement. Every person shall apply for a license for each business or profession when engaging in a business in this jurisdiction if (i) the person has a definite place of business in this jurisdiction; (ii) there is no definite place of business anywhere and the person resides in this jurisdiction; or (iii) there is no definite place of business in this jurisdiction but the person operates amusement machines or is classified as an itinerant merchant, peddler, carnival, circus, contractor subject to § 58.1-3715, or public service corporation. A separate license shall be required for each definite place of business and for each business. A person engaged in two or more businesses or professions carried on at the same place of business may elect to obtain one license for all such businesses and professions if all of the following criteria are satisfied: (a) each business or profession is subject to licensure at the location and has satisfied any requirements imposed by state law or other provisions of the ordinances of this jurisdiction; (b) all of the businesses or professions are subject to the same tax rate, or, if subject to different tax rates, the licensee agrees to be taxed on all businesses and professions at the highest rate; and (c) the taxpayer agrees to supply such information as the assessor may require concerning the nature of the several businesses and their gross receipts.

Notwithstanding the foregoing, the governing body of any county, city or town with a population greater than 50,000 may waive the license requirements provided herein for businesses with gross receipts of less than \$100,000.

2. Due dates and penalties.

a. Each person subject to a license tax shall apply for a license prior to beginning business if he was not subject to licensure in this jurisdiction on or before January 1 of the license year, or no later than March 1 of the license year if he had been issued a license for the preceding year. Any locality is authorized to adopt a later application date that is on or before May 1 of the license year. The application shall be on forms prescribed by the assessing official.

b. The tax shall be paid with the application in the case of any license not based on gross receipts. If the tax is measured by the gross receipts of the business, the tax shall be paid on or before the locality's fixed due date for filing license applications or a later date, including installment payment dates, or 30 or more days after beginning business, at the locality's option.

c. The assessing official may grant an extension of time in which to file an application for a license, for reasonable cause. The extension may be conditioned upon the timely payment of a reasonable estimate of the appropriate tax; the tax is then subject to adjustment to the correct tax at the end of the extension, together with interest from the due date until the date paid and, if the estimate submitted with the extension is found to be unreasonable under the circumstances, with a penalty of 10 percent of the portion paid after the due date.

d. A penalty of 10 percent of the tax may be imposed upon the failure to file an application or the failure to pay the tax by the appropriate due date. Only the late filing penalty shall be imposed by the assessing official if both the application and payment are late; however, both penalties may be assessed if the assessing official determines that the taxpayer has a history of noncompliance. In the case of an assessment of additional tax made by the assessing official, if the application and, if applicable, the return were made in good faith and the understatement of the tax was not due to any fraud, reckless or intentional disregard of the law by the taxpayer, there shall be no late payment penalty assessed with the additional tax. If any assessment of tax by the assessing official is not paid within 30 days, the treasurer or other collecting official may impose a 10 percent late payment penalty. If the failure to file or pay was not the fault of the taxpayer, the penalties shall not be imposed, or if imposed, shall be abated by the official who assessed them. In order to demonstrate lack of fault, the taxpayer must show that he acted responsibly and that the failure was due to events beyond his control.

60 "Acted responsibly" means that: (i) the taxpayer exercised the level of reasonable care that a prudent
61 person would exercise under the circumstances in determining the filing obligations for the business and
62 (ii) the taxpayer undertook significant steps to avoid or mitigate the failure, such as requesting
63 appropriate extensions (where applicable), attempting to prevent a foreseeable impediment, acting to
64 remove an impediment once it occurred, and promptly rectifying a failure once the impediment was
65 removed or the failure discovered.

66 "Events beyond the taxpayer's control" include, but are not limited to, the unavailability of records
67 due to fire or other casualty; the unavoidable absence (e.g., due to death or serious illness) of the person
68 with the sole responsibility for tax compliance; or the taxpayer's reasonable reliance in good faith upon
69 erroneous written information from the assessing official who was aware of the relevant facts relating to
70 the taxpayer's business when he provided the erroneous information.

71 e. Interest shall be charged on the late payment of the tax from the due date until the date paid
72 without regard to fault or other reason for the late payment. Whenever an assessment of additional or
73 omitted tax by the assessing official is found to be erroneous, all interest and any penalties charged and
74 collected on the amount of the assessment found to be erroneous shall be refunded together with interest
75 on the refund from the date of payment or the due date, whichever is later. Interest shall be paid on the
76 refund of any BPOL tax from the date of payment or due date, whichever is later, whether attributable
77 to an amended return or other reason. Interest on any refund shall be paid at the same rate charged
78 under § 58.1-3916.

79 No interest shall accrue on an adjustment of estimated tax liability to actual liability at the conclusion
80 of a base year. No interest shall be paid on a refund or charged on a late payment, provided the refund
81 or the late payment is made not more than 30 days from the date of the payment that created the refund
82 or the due date of the tax, whichever is later.

83 3. Situs of gross receipts.

84 a. General rule. Whenever the tax imposed by this ordinance is measured by gross receipts, the gross
85 receipts included in the taxable measure shall be only those gross receipts attributed to the exercise of a
86 privilege subject to licensure at a definite place of business within this jurisdiction. In the case of
87 activities conducted outside of a definite place of business, such as during a visit to a customer location,
88 the gross receipts shall be attributed to the definite place of business from which such activities are
89 initiated, directed, or controlled. The situs of gross receipts for different classifications of business shall
90 be attributed to one or more definite places of business or offices as follows:

91 (1) The gross receipts of a contractor shall be attributed to the definite place of business at which his
92 services are performed, or if his services are not performed at any definite place of business, then the
93 definite place of business from which his services are directed or controlled, unless the contractor is
94 subject to the provisions of § 58.1-3715;

95 (2) The gross receipts of a retailer or wholesaler shall be attributed to the definite place of business
96 at which sales solicitation activities occur, or if sales solicitation activities do not occur at any definite
97 place of business, then the definite place of business from which sales solicitation activities are directed
98 or controlled; however, a wholesaler or distribution house subject to a license tax measured by purchases
99 shall determine the situs of its purchases by the definite place of business at which or from which
100 deliveries of the purchased goods, wares and merchandise are made to customers. Any wholesaler who
101 is subject to license tax in two or more localities and who is subject to multiple taxation because the
102 localities use different measures, may apply to the Department of Taxation for a determination as to the
103 proper measure of purchases and gross receipts subject to license tax in each locality;

104 (3) The gross receipts of a business renting tangible personal property shall be attributed to the
105 definite place of business from which the tangible personal property is rented or, if the property is not
106 rented from any definite place of business, then to the definite place of business at which the rental of
107 such property is managed; and

108 (4) The gross receipts from the performance of services shall be attributed to the definite place of
109 business at which the services are performed or, if not performed at any definite place of business, then
110 to the definite place of business from which the services are directed or controlled.

111 b. Apportionment. If the licensee has more than one definite place of business and it is impractical or
112 impossible to determine to which definite place of business gross receipts should be attributed under the
113 general rule, the gross receipts of the business shall be apportioned between the definite places of
114 businesses on the basis of payroll. Gross receipts shall not be apportioned to a definite place of business
115 unless some activities under the applicable general rule occurred at, or were controlled from, such
116 definite place of business. Gross receipts attributable to a definite place of business in another
117 jurisdiction shall not be attributed to this jurisdiction solely because the other jurisdiction does not
118 impose a tax on the gross receipts attributable to the definite place of business in such other jurisdiction.

119 c. Agreements. The assessor may enter into agreements with any other political subdivision of
120 Virginia concerning the manner in which gross receipts shall be apportioned among definite places of
121 business. However, the sum of the gross receipts apportioned by the agreement shall not exceed the total

gross receipts attributable to all of the definite places of business affected by the agreement. Upon being notified by a taxpayer that its method of attributing gross receipts is fundamentally inconsistent with the method of one or more political subdivisions in which the taxpayer is licensed to engage in business and that the difference has, or is likely to, result in taxes on more than 100 percent of its gross receipts from all locations in the affected jurisdictions, the assessor shall make a good faith effort to reach an apportionment agreement with the other political subdivisions involved. If an agreement cannot be reached, either the assessor or taxpayer may seek an advisory opinion from the Department of Taxation pursuant to § 58.1-3701; notice of the request shall be given to the other party. Notwithstanding the provisions of § 58.1-3993, when a taxpayer has demonstrated to a court that two or more political subdivisions of Virginia have assessed taxes on gross receipts that may create a double assessment within the meaning of § 58.1-3986, the court shall enter such orders pending resolution of the litigation as may be necessary to ensure that the taxpayer is not required to pay multiple assessments even though it is not then known which assessment is correct and which is erroneous.

4. Limitations and extensions.

a. Where, before the expiration of the time prescribed for the assessment of any license tax imposed pursuant to this ordinance, both the assessing official and the taxpayer have consented in writing to its assessment after such time, the tax may be assessed at any time prior to the expiration of the period agreed upon. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

b. Notwithstanding § 58.1-3903, the assessing official shall assess the local license tax omitted because of fraud or failure to apply for a license for the current license year and the six preceding license years.

c. The period for collecting any local license tax shall not expire prior to the period specified in § 58.1-3940, two years after the date of assessment if the period for assessment has been extended pursuant to this subdivision of the ordinance, two years after the final determination of an appeal for which collection has been stayed pursuant to subdivision 5 b or 5 d of this ordinance, or two years after the final decision in a court application pursuant to § 58.1-3984 or a similar law for which collection has been stayed, whichever is later.

5. Administrative appeals to commissioner of the revenue or other assessing official.

a. Definitions. For purposes of this section:

"Amount in dispute," when used with respect to taxes due or assessed, means the amount specifically identified in the administrative appeal or application for judicial review as disputed by the party filing such appeal or application.

"Appealable event" means an increase in the assessment of a local license tax payable by a taxpayer, the denial of a refund, or the assessment of a local license tax where none previously was assessed, arising out of the local assessing official's (i) examination of records, financial statements, books of account, or other information for the purpose of determining the correctness of an assessment; (ii) determination regarding the rate or classification applicable to the licensable business; (iii) assessment of a local license tax when no return has been filed by the taxpayer; or (iv) denial of an application for correction of erroneous assessment attendant to the filing of an amended application for license.

An appealable event shall include a taxpayer's appeal of the classification applicable to a business, including whether the business properly falls within a business license subclassification established by the locality, regardless of whether the taxpayer's appeal is in conjunction with an assessment, examination, audit, or any other action taken by the locality.

"Frivolous" means a finding, based on specific facts, that the party asserting the appeal is unlikely to prevail upon the merits because the appeal is (i) not well grounded in fact; (ii) not warranted by existing law or a good faith argument for the extension, modification, or reversal of existing law; (iii) interposed for an improper purpose, such as to harass, to cause unnecessary delay in the payment of tax or a refund, or to create needless cost from the litigation; or (iv) otherwise frivolous.

"Jeopardized by delay" means a finding, based upon specific facts, that a taxpayer designs to (i) depart quickly from the locality; (ii) remove his property therefrom; (iii) conceal himself or his property therein; or (iv) do any other act tending to prejudice, or to render wholly or partially ineffectual, proceedings to collect the tax for the period in question.

b. Filing and contents of administrative appeal. Any person assessed with a local license tax as a result of an appealable event as defined in this section may file an administrative appeal of the assessment within one year from the last day of the tax year for which such assessment is made, or within one year from the date of the appealable event, whichever is later, with the commissioner of the revenue or other local assessing official. The appeal must be filed in good faith and sufficiently identify the taxpayer, the tax periods covered by the challenged assessments, the amount in dispute, the remedy sought, each alleged error in the assessment, the grounds upon which the taxpayer relies, and any other facts relevant to the taxpayer's contention. The assessor may hold a conference with the taxpayer if

183 requested by the taxpayer, or require submission of additional information and documents, an audit or
184 further audit, or other evidence deemed necessary for a proper and equitable determination of the appeal.
185 The assessment placed at issue in the appeal shall be deemed prima facie correct. The assessor shall
186 undertake a full review of the taxpayer's claims and issue a written determination to the taxpayer setting
187 forth the facts and arguments in support of his decision.

188 *The taxpayer may at any time also file an administrative appeal of the classification applicable to*
189 *the taxpayer's business, including whether the business properly falls within a business license*
190 *subclassification established by the locality. However, the appeal of the classification of the business*
191 *shall not apply to any license year for which the Tax Commissioner has previously issued a final*
192 *determination relating to any license fee or license tax imposed upon the taxpayer's business for the*
193 *year. In addition, any appeal of the classification of a business shall in no way affect or change any*
194 *limitations period prescribed by law for appealing an assessment.*

195 c. Notice of right of appeal and procedures. Every assessment made by a commissioner of the
196 revenue or other assessing official pursuant to an appealable event shall include or be accompanied by a
197 written explanation of the taxpayer's right to file an administrative appeal and the specific procedures to
198 be followed in the jurisdiction, the name and address to which the appeal should be directed, an
199 explanation of the required content of the appeal, and the deadline for filing the appeal.

200 *For purposes of facilitating an administrative appeal of the classification applicable to a taxpayer's*
201 *business, each locality imposing a tax or fee under this chapter shall maintain on its website the specific*
202 *procedures to be followed in the jurisdiction with regard to such appeal and the name and address to*
203 *which the appeal should be directed.*

204 d. Suspension of collection activity during appeal. Provided a timely and complete administrative
205 appeal is filed, collection activity with respect to the amount in dispute *relating to any assessment by*
206 *the commissioner of the revenue or other assessing official* shall be suspended until a final determination
207 is issued by the commissioner of the revenue or other assessing official, unless the treasurer or other
208 official responsible for the collection of such tax (i) determines that collection would be jeopardized by
209 delay as defined in this section; (ii) is advised by the commissioner of the revenue or other assessing
210 official that the taxpayer has not responded to a request for relevant information after a reasonable time;
211 or (iii) is advised by the commissioner of the revenue or other assessing official that the appeal is
212 frivolous as defined in this section. Interest shall accrue in accordance with the provisions of subdivision
213 2 e of this subsection, but no further penalty shall be imposed while collection action is suspended.

214 e. Procedure in event of nondecision. Any taxpayer whose administrative appeal to the commissioner
215 of the revenue or other assessing official pursuant to the provisions of subdivision 5 of this subsection
216 has been pending for more than one year without the issuance of a final determination may, upon not
217 less than 30 days' written notice to the commissioner of the revenue or other assessing official, elect to
218 treat the appeal as denied and appeal the assessment *or classification of the taxpayer's business* to the
219 Tax Commissioner in accordance with the provisions of subdivision 6 of this subsection. The Tax
220 Commissioner shall not consider an appeal filed pursuant to the provisions of this subsection if he finds
221 that the absence of a final determination on the part of the commissioner of the revenue or other
222 assessing official was caused by the willful failure or refusal of the taxpayer to provide information
223 requested and reasonably needed by the commissioner or other assessing official to make his
224 determination.

225 6. Administrative appeal to the Tax Commissioner.

226 a. Any person assessed with a local license tax as a result of a determination *or that has received a*
227 *determination with regard to the person's appeal of the license classification or subclassification*
228 *applicable to the person's business*, upon an administrative appeal to the commissioner of the revenue or
229 other assessing official pursuant to subdivision 5 of this subsection, that is adverse to the position
230 asserted by the taxpayer in such appeal may appeal such assessment *or determination* to the Tax
231 Commissioner within 90 days of the date of the determination by the commissioner of the revenue or
232 other assessing official. The appeal shall be in such form as the Tax Commissioner may prescribe and
233 the taxpayer shall serve a copy of the appeal upon the commissioner of the revenue or other assessing
234 official. The Tax Commissioner shall permit the commissioner of the revenue or other assessing official
235 to participate in the proceedings, and shall issue a determination to the taxpayer within 90 days of
236 receipt of the taxpayer's application, unless the taxpayer and the assessing official are notified that a
237 longer period will be required. The appeal shall proceed in the same manner as an application pursuant
238 to § 58.1-1821, and the Tax Commissioner *pursuant to § 58.1-1822* may issue an order correcting such
239 assessment ~~pursuant to § 58.1-1822~~ *or correcting the license classification or subclassification of the*
240 *business and the related license tax or fee liability.*

241 b. Suspension of collection activity during appeal. On receipt of a notice of intent to file an appeal to
242 the Tax Commissioner under subdivision 6 a of this subsection, collection activity with respect to the
243 amount in dispute *relating to any assessment by the commissioner of the revenue or other assessing*
244 *official* shall be suspended until a final determination is issued by the Tax Commissioner, unless the

treasurer or other official responsible for the collection of such tax (i) determines that collection would be jeopardized by delay as defined in this section; (ii) is advised by the commissioner of the revenue or other assessing official, or the Tax Commissioner, that the taxpayer has not responded to a request for relevant information after a reasonable time; or (iii) is advised by the commissioner of the revenue or other assessing official that the appeal is frivolous as defined in this section. Interest shall accrue in accordance with the provisions of subdivision 2 e of this subsection, but no further penalty shall be imposed while collection action is suspended. The requirement that collection activity be suspended shall cease unless an appeal pursuant to subdivision 6 a of this subsection is filed and served on the necessary parties within 30 days of the service of notice of intent to file such appeal.

c. Implementation of determination of Tax Commissioner. Promptly upon receipt of the final determination of the Tax Commissioner with respect to an appeal pursuant to subdivision 6 a of this subsection, the commissioner of the revenue or other assessing official shall take those steps necessary to calculate the amount of tax owed by or refund due to the taxpayer consistent with the Tax Commissioner's determination and shall provide that information to the taxpayer and to the treasurer or other official responsible for collection in accordance with the provisions of this subdivision.

(1) If the determination of the Tax Commissioner sets forth a specific amount of tax due, the commissioner of the revenue or other assessing official shall certify the amount to the treasurer or other official responsible for collection, and the treasurer or other official responsible for collection shall issue a bill to the taxpayer for such amount due, together with interest accrued and penalty, if any is authorized by this section, within 30 days of the date of the determination of the Tax Commissioner.

(2) If the determination of the Tax Commissioner sets forth a specific amount of refund due, the commissioner of the revenue or other assessing official shall certify the amount to the treasurer or other official responsible for collection, and the treasurer or other official responsible for collection shall issue a payment to the taxpayer for such amount due, together with interest accrued pursuant to this section, within 30 days of the date of the determination of the Tax Commissioner.

(3) If the determination of the Tax Commissioner does not set forth a specific amount of tax due, or otherwise requires the commissioner of the revenue or other assessing official to undertake a new or revised assessment that will result in an obligation to pay a tax that has not previously been paid in full, the commissioner of the revenue or other assessing official shall promptly commence the steps necessary to undertake such new or revised assessment, and provide the same to the taxpayer within 60 days of the date of the determination of the Tax Commissioner, or within 60 days after receipt from the taxpayer of any additional information requested or reasonably required under the determination of the Tax Commissioner, whichever is later. The commissioner of the revenue or other assessing official shall certify the new assessment to the treasurer or other official responsible for collection, and the treasurer or other official responsible for collection shall issue a bill to the taxpayer for the amount due, together with interest accrued and penalty, if any is authorized by this section, within 30 days of the date of the new assessment.

(4) If the determination of the Tax Commissioner does not set forth a specific amount of refund due, or otherwise requires the commissioner of the revenue or other assessing official to undertake a new or revised assessment that will result in an obligation on the part of the locality to make a refund of taxes previously paid, the commissioner of the revenue or other assessing official shall promptly commence the steps necessary to undertake such new or revised assessment *or to determine the amount of refund due in the case of a correction to the license classification or subclassification of the business*, and provide the same to the taxpayer within 60 days of the date of the determination of the Tax Commissioner, or within 60 days after receipt from the taxpayer of any additional information requested or reasonably required under the determination of the Tax Commissioner, whichever is later. The commissioner of the revenue or other assessing official shall certify the new assessment *or refund amount* to the treasurer or other official responsible for collection, and the treasurer or other official responsible for collection shall issue a refund to the taxpayer for the amount of tax due, together with interest accrued, within 30 days of the date of the new assessment *or determination of the amount of the refund*.

7. Judicial review of determination of Tax Commissioner.

a. Judicial review. Following the issuance of a final determination of the Tax Commissioner pursuant to subdivision 6 a of this subsection, the taxpayer or commissioner of the revenue or other assessing official may apply to the appropriate circuit court for judicial review of the determination, or any part thereof, pursuant to § 58.1-3984. In any such proceeding for judicial review of a determination of the Tax Commissioner, the burden shall be on the party challenging the determination of the Tax Commissioner, or any part thereof, to show that the ruling of the Tax Commissioner is erroneous with respect to the part challenged. Neither the Tax Commissioner nor the Department of Taxation shall be made a party to an application to correct an assessment merely because the Tax Commissioner has ruled on it.

306 b. Suspension of payment of disputed amount of tax due upon taxpayer's notice of intent to initiate
307 judicial review.

308 (1) On receipt of a notice of intent to file an application for judicial review, pursuant to § 58.1-3984,
309 of a determination of the Tax Commissioner pursuant to subdivision 6 a of this subsection, and upon
310 payment of the amount of the tax *relating to any assessment by the commissioner of the revenue or*
311 *other assessing official* that is not in dispute together with any penalty and interest then due with respect
312 to such undisputed portion of the tax, the treasurer or other collection official shall further suspend
313 collection activity while the court retains jurisdiction unless the court, upon appropriate motion after
314 notice and an opportunity to be heard, determines that (i) the taxpayer's application for judicial review is
315 frivolous, as defined in this section; (ii) collection would be jeopardized by delay, as defined in this
316 section; or (iii) suspension of collection would cause substantial economic hardship to the locality. For
317 purposes of determining whether substantial economic hardship to the locality would arise from a
318 suspension of collection activity, the court shall consider the cumulative effect of then-pending appeals
319 filed within the locality by different taxpayers that allege common claims or theories of relief.

320 (2) Upon a determination that the appeal is frivolous, that collection may be jeopardized by delay, or
321 that suspension of collection would result in substantial economic hardship to the locality, the court may
322 require the taxpayer to pay the amount in dispute or a portion thereof, or to provide surety for payment
323 of the amount in dispute in a form acceptable to the court.

324 (3) No suspension of collection activity shall be required if the application for judicial review fails to
325 identify with particularity the amount in dispute *or the application does not relate to any assessment by*
326 *the commissioner of the revenue or other assessing official*.

327 (4) The requirement that collection activity be suspended shall cease unless an application for judicial
328 review pursuant to § 58.1-3984 is filed and served on the necessary parties within 30 days of the service
329 of the notice of intent to file such application.

330 (5) The suspension of collection activity authorized by this subdivision shall not be applicable to any
331 appeal of a local license tax that is initiated by the direct filing of an action pursuant to § 58.1-3984
332 without prior exhaustion of the appeals provided by subdivisions 5 and 6 of this subsection.

333 c. Suspension of payment of disputed amount of refund due upon locality's notice of intent to initiate
334 judicial review.

335 (1) Payment of any refund determined to be due pursuant to the determination of the Tax
336 Commissioner of an appeal pursuant to subdivision 6 a of this subsection shall be suspended if the
337 locality assessing the tax serves upon the taxpayer, within 60 days of the date of the determination of
338 the Tax Commissioner, a notice of intent to file an application for judicial review of the Tax
339 Commissioner's determination pursuant to § 58.1-3984 and pays the amount of the refund not in dispute,
340 including tax and accrued interest. Payment of such refund shall remain suspended while the court
341 retains jurisdiction unless the court, upon appropriate motion after notice and an opportunity to be heard,
342 determines that the locality's application for judicial review is frivolous, as defined in this section.

343 (2) No suspension of refund activity shall be permitted if the locality's application for judicial review
344 fails to identify with particularity the amount in dispute.

345 (3) The suspension of the obligation to make a refund shall cease unless an application for judicial
346 review pursuant to § 58.1-3984 is filed and served on the necessary parties within 30 days of the service
347 of the notice of intent to file such application.

348 d. Accrual of interest on unpaid amount of tax. Interest shall accrue in accordance with the
349 provisions of subdivision 2 e of this subsection, but no further penalty shall be imposed while collection
350 action is suspended.

351 8. Rulings.

352 Any taxpayer or authorized representative of a taxpayer may request a written ruling regarding the
353 application of a local license tax to a specific situation from the commissioner of the revenue or other
354 assessing official. Any person requesting such a ruling must provide all facts relevant to the situation
355 placed at issue and may present a rationale for the basis of an interpretation of the law most favorable
356 to the taxpayer. *In addition, the taxpayer or authorized representative may request a written ruling with*
357 *regard to the classification applicable to the taxpayer's business, including whether the business*
358 *properly falls within a business license subclassification established by the locality.*

359 Any misrepresentation or change in the applicable law or the factual situation as presented in the
360 ruling request shall invalidate any such ruling issued. A written ruling may be revoked or amended
361 prospectively if (i) there is a change in the law, a court decision, or the guidelines issued by the
362 Department of Taxation upon which the ruling was based or (ii) the assessor notifies the taxpayer of a
363 change in the policy or interpretation upon which the ruling was based. However, any person who acts
364 on a written ruling which later becomes invalid shall be deemed to have acted in good faith during the
365 period in which such ruling was in effect.

366 9. Record-keeping and audits. Every person who is assessable with a local license tax shall keep
367 sufficient records to enable the assessor to verify the correctness of the tax paid for the license years

assessable and to enable the assessor to ascertain what is the correct amount of tax that was assessable for each of those years. All such records, books of accounts and other information shall be open to inspection and examination by the assessor in order to allow the assessor to establish whether a particular receipt is directly attributable to the taxable privilege exercised within this jurisdiction. The assessor shall provide the taxpayer with the option to conduct the audit in the taxpayer's local business office, if the records are maintained there. In the event the records are maintained outside this jurisdiction, copies of the appropriate books and records shall be sent to the assessor's office upon demand.

B. Transitional provisions.

1. A locality which changes its license year from a fiscal year to a calendar year and adopts a due date for license applications between March 1 and May 1, inclusive, shall not be required to prorate any license tax to reflect a license year of less than 12 months, whether the tax is a flat amount or measured by gross receipts, provided that no change is made in the taxable year for measuring gross receipts.

2. The provisions of this section relating to penalties, interest, and administrative and judicial review of an assessment shall be applicable to assessments made on and after January 1, 1997, even if for an earlier license year. The provisions relating to agreements extending the period for assessing tax shall be effective for agreements entered into on and after July 1, 1996. The provisions permitting an assessment of a license tax for up to six preceding years in certain circumstances shall not be construed to permit the assessment of tax for a license year beginning before January 1, 1997.

3. Every locality shall adopt a fixed due date for license applications between March 1 and May 1, inclusive, no later than the 2007 license year.