



TAX BULLETIN 10-6

Virginia Department of Taxation

June 1, 2010

IMPORTANT INFORMATION REGARDING **THE NEW POWER OF ATTORNEY PROCESS FOR VIRGINIA** **TAXPAYERS**

New Enhanced Power of Attorney Process

Effective July 1, 2010, Senate Bill 905 (Chapter 503, 2009 Acts of Assembly) requires the Virginia Department of Taxation ("TAX") to provide a copy of any written correspondence, documentation, or other written materials that relate to a tax matter for which a taxpayer has filed a power of attorney to the person named to act under that express authority. This legislation does not, however, change the policies regarding the power of attorney designation itself.

Designating a person as a power of attorney means that the taxpayer has appointed someone to act in his or her place. Thus, the person designated as a power of attorney has many of the same powers as the taxpayer. The person may receive and inspect confidential tax information and perform any act the taxpayer can perform with respect to the designated tax matters. The person, however, does not have the power to receive refund checks, the power to substitute another representative, the authority to execute a request for a tax return, the power to sign certain returns, or the power to consent to a disclosure of tax information. Unlike the Internal Revenue Service, TAX does not limit who the taxpayer may select as the person who will be designated as the power of attorney.

The types of correspondence that will be copied to persons designated as a power of attorney will include, but not be limited to, notices of assessment, ruling letters, tax return adjustment letters, refund match notifications, audit letters, abatement letters, and various letters of explanation. When such correspondence relates to a tax matter for which a taxpayer has filed a power of attorney, copies will be sent to the person designated as a power of attorney through U.S. mail. This includes copies of any e-mail correspondence sent to the taxpayer for which a copy is required to be sent.

TAX has developed two forms to facilitate implementation of the new law:

- The new Form R-7 is a registration form for individuals who will be designated as a power of attorney for a Virginia taxpayer. Once the individual has completed the Form R-7, he or she will be assigned a Virginia Authorized Agent number. Please note that a Virginia Authorized Agent is not required to be an enrolled agent. The Virginia Authorized Agent designation simply means that the individual has registered with TAX as a representative for taxpayers.
- The revised Form PAR 101 (effective July 1, 2010) should be completed to designate a power of attorney for a specific tax matter and tax period. The revised Form PAR 101 is more detailed than the previous version and allows taxpayers to opt out of allowing their representatives from receiving copies of correspondence. Only the individuals listed on the Form PAR 101 as representatives will have the authority of a power of attorney.

Requirements for New Process

In order for a person designated as a power of attorney to receive copies of correspondence sent to the taxpayer under the new law, the new Form R-7 and the revised Form PAR 101 must be submitted. If these forms are not submitted, the person designated as a power of attorney will be deemed to have opted out of receiving copies of correspondence automatically.

The Form R-7 is required to be submitted only once by the person who wishes to be designated as a power of attorney. Once this is done, a Virginia Authorized Agent number will be assigned. When submitting any future PAR 101 forms to be designated as a power of attorney, the person will use this assigned number.

Failure to Complete New Forms

Failing to submit the revised Form PAR 101 and the new Form R-7 will not impact an existing power of attorney. The current powers and privileges allowed to those holding a power of attorney will remain unchanged. However, copies of correspondence will not be automatically sent to the person designated as a power of attorney. In order for these copies to be sent, the revised Form PAR 101 and the Form R-7 must be completed.

Taxpayer Options

If taxpayers do not check the box on the Form PAR 101 that allows them to opt out, copies of correspondence will be sent to the person designated as a power of attorney. There is one situation in which the taxpayer must opt in to have copies of correspondence sent, however. When TAX communicates with a taxpayer via secure e-mail, TAX will not send copies of the e-mail correspondence unless the taxpayer

specifically opts in for such copies to be sent. There is a space on the new Form PAR 101 where taxpayers may make this election. If a taxpayer does choose this option, copies of e-mail correspondence will be sent to the person designated as a power of attorney through U.S. mail.

Further Information

Please visit our website at www.tax.virginia.gov for additional information. Copies of the Form R-7 and the revised Form PAR 101 can be found on our website or you call our Forms Request Line at (804) 440-2541. While TAX is working towards creating an online process that may be available at some point in the future, these forms currently must be sent to TAX through the mail to the following address or by fax to the following number:

Form R-7

Virginia Department of Taxation
Post Office Box 1114
Richmond, Virginia 23218-1114
Fax: (804) 254-6115

Form PAR 101

Virginia Department of Taxation
Post Office Box 1115
Richmond, Virginia 23218-1115
Individual Fax: (804) 254-6113
Business Fax: (804) 254-6111

If you have questions or need assistance regarding a power of attorney for an individual taxpayer, please call us at (804) 367-8031. If you are calling about a power of attorney for a business taxpayer, please call (804) 367-8037.