

VIRGINIA ASSOCIATION OF LOCAL TAX AUDITORS
GENERAL & BUSINESS MEETING
Friday, August 11, 2017
Ruppert L. Sargent Building
Hampton, Virginia

General Meeting

Wanda Smith called the meeting to order at 9:30 a.m. and introduced the Honorable Ross A. Mugler, City of Hampton Commissioner of the Revenue.

Welcome and Pledge of Allegiance

Commissioner Mugler led the group in the pledge of allegiance and welcomed VALTA to the City of Hampton. Commissioner Mugler emphasized the importance of having an audit program and the necessity of audit staff having good analytical skills. Commissioner Mugler also discussed how the auditor now has to spend more time focused on appeals rather than simply auditing accounts. He explained the importance of doing extensive research before responding to tax appeals and issuing any final local determinations.

Local Appeals

Ms. Smith announced a change to the agenda and introduced Karen Bever, Audit Supervisor and Mary Joyner, Tax Management Specialist of the City of Hampton. Ms. Bever and Ms. Joyner provided an overview of two Business Tangible Personal Property (BTTP) tax appeals the Hampton Commissioner of the Revenue's office is currently working.

Appeals and Rulings - How Localities Can Assist

Virginia Department of Taxation, Office of Tax Policy, Appeals and Rulings

After a short break, Ms. Bever introduced the speakers from the Virginia Department of Taxation, Office of Tax Policy, Appeals and Rulings Unit.

Mr. David Mason, Lead Analyst for Income and Local Team, Mr. Noel M. Sabel, Senior Tax Analyst for Income and Local Team and Mr. Timothy Mucha, Tax Policy Analyst provided a detailed presentation on the history of the local appeals process and current activity within the Appeals and Rulings Unit of the Virginia Department of Taxation.

The Appeals and Rulings Unit consists of 14 positions and is responsible for 18 taxes including Business, Professional and Occupational License (BPOL) tax and local business taxes as defined by the Code of Virginia. Mr. Mason emphasized that when issuing rulings and opinions that the primary focus of the Department of Taxation is to issue impartial decisions based on the facts.

The Appeals and Rulings Unit is currently managing 389 active cases. There are 275 appeals of various taxes, including 13 local tax cases. On average the department receives 34 local tax appeals per year.

Mr. Sabel and Mr. Mucha provided an overview of past rulings relating to local tax issues. They provided additional details on the BPOL out of state deductions case and Virginia Supreme Court ruling supporting the Department's methodology. This topic led to numerous questions from the group and a lengthy

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discussion on what support may be acceptable when a company requesting a deduction of receipts earned in another state is not required to pay a traditional income tax in the other state.

Mr. Mason concluded the presentation by providing information on how localities can effectively respond to an appeal and how to respond when a local determination is appealed to the Department. Mr. Mason stressed the importance of identifying and clearly stating all facts in any determination before the appeal reaches the Department of Taxation. Mr. Mason also indicated that it is important to respond to local appeals within the time frame provided in the Code. If there is no response to the local appeal after one year, the taxpayer may appeal directly to the State. Mr. Mason also addressed a number of situations where the Appeals and Rulings Unit cannot respond to appeals received because the appeals process has not been followed. This requires TAX to issue a response regarding the proper process and may require the taxpayer to correct the process issue before the appeal is considered.

A copy of the presentation slides will be made available on the VALTA website.

Ms. Smith announced a 15 minute networking break.

Accounting and Ethics

Ms. Bever introduced Dr. Doug Ziegenfuss, Professor and Chair of the Accounting Department in the Strome College of Business at Old Dominion University.

Dr. Ziegenfuss opened his presentation by defining ethics in general terms and explained how ethics is applied both personally and professionally. Dr. Zeigenfuss defined ethics as rational thought to produce rules for living life to the fullest. After his introduction, Dr. Zeigenfuss presented specific information on professional ethics and the need for organizational codes of conduct, which are rules or standards governing the conduct of members of an organization. He then explained that organizational codes of conduct must be specific, comprehensive, relevant, updated periodically and as simple as possible. He also explained potential pitfalls of making codes of conduct too broad or overly specific.

Dr. Ziegenfuss discussed the importance of the values statement for an organization and why a risk assessment is needed. Dr. Ziegenfuess also shared ways in which we learn ethical behavior and provided practical examples of ethical challenges.

The slide presentation used by Dr. Ziegenfuss will be available on the VALTA website.

Ms. Smith announced a five minute break before the business meeting.

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Business Meeting

Wanda Smith called the business meeting to order at 12:55 p.m.

As the new president of VALTA for 2017-18, Ms. Smith recognized all members of the executive board for 2017-18.

The membership moved to dispense with the reading of the minutes from the May 12, 2017 meeting. The motion was approved unanimously. Ms. Smith called for a motion to approve the minutes of the May 12, 2017 meeting. The minutes were approved by a voice vote of the members.

The membership offered a motion to dispense with the reading of the Treasurer's report, which was approved. The President received a motion to accept the Treasurer's report. The motion passed by a voice vote of the members.

Old Business:

No old business topics were presented.

New Business:

Ms. Smith asked for volunteers to audit the books for the past fiscal year. Mary Joyner and Karen Bever volunteered to complete the audit.

Ms. Smith called for other new business. There was no other new business presented.

Ms. Smith announced that the fall meeting is scheduled for Friday, October 27, 2017, and the City of Charlottesville and Albemarle County are hosting the meeting.

Ms. Smith called for a motion to adjourn the meeting, which was received and approved.

Minutes presented by:
Scott Motley, VALTA Recording Secretary
August 15, 2017