



# **Taxpayers' Rights Advocate Annual Report**

**Fiscal Year 2023-2024**

**December 10, 2024**

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# **Taxpayers' Rights Advocate Annual Report Fiscal Year 2023 – 2024**

## **Executive Summary**

The taxpayers' rights advocate (Advocate) is a position created under section 20.21(3), Florida Statutes (F.S.), and reports to the Chief Inspector General of Florida in the Executive Office of the Governor. For administrative purposes, the Advocate is under the general supervision of the Executive Director of the Florida Department of Revenue (Department).

The Advocate's office (Office) received 3,186 contacts during Fiscal Year (FY) 2023-24. This is an increase of about 35 percent from the prior fiscal year in which the Office received 2,362 contacts. Most contacts received for both years are for issues relating to sales and use tax. Nearly half of all contacts are related to this issue for both fiscal years. The Office has seen a slight decrease in the number of requests for assistance with the Internal Revenue Service from the prior fiscal year. This number has dropped from 472 in FY 2022-23 to 357 in FY 2023-24. The Advocate believes the reason for this decrease is due to adding some additional information about IRS issues which was posted to the Advocate's website last fiscal year.

The annual report for FY 2022-23 included four administrative recommendations for the Department to review. After reviewing these recommendations with the Department, the current Advocate is recommending closure of three administrative recommendations as having been satisfactorily addressed by the Department. The one remaining administrative recommendation will continue to be monitored by the Advocate for FY 2024-25.

The Advocate is not introducing any new legislative recommendations in this annual report. The Advocate is introducing one new administrative recommendation in this annual report for the Department to review.

## **Section 1: General Overview and Responsibilities**

The Advocate is a position created under section 20.21(3), F.S., and reports to the Chief Inspector General of Florida in the Executive Office of the Governor. For administrative purposes, the Advocate is under the general supervision of the Executive Director of the Department. The current Advocate was appointed by the Chief Inspector General of Florida effective January 1, 2022.

The Advocate's responsibilities include:

- Facilitating the resolution of taxpayer complaints and problems that have not been resolved through normal administrative channels within the Department.
- Issuing a stay action on behalf of a taxpayer who has suffered or is about to suffer an irreparable loss as a result of an action by the Department.
- Producing an annual report to the Governor, the President of the Senate, the Speaker of the House of Representatives, and the Chief Inspector General of Florida, which provides a summary of the work the Advocate did for the prior fiscal year, along with any recommendations for improvement for the Department and any initiatives which the Advocate plans to work during the upcoming fiscal year.

The Advocate is a tax advocate for the people of the State of Florida and although the primary focus is to assist taxpayers with their Florida tax issues and problems, the Advocate should be available to assist any citizen regardless of the issue.

The Office includes the Advocate and one tax professional who work together to assist taxpayers and the citizens of Florida. Most, but not all, of the contacts the Office receives are for tax issues related to the Department; however, the Office strives to assist any taxpayer or citizen who contacts the Office regardless of the issue.

## **Section 2: Taxpayers' Rights Advocate Office Operations**

The Department and the Office have a strong collaborative relationship and work together to resolve taxpayer complaints and problems. The Department administers the State of Florida's tax laws, and the Office assists both the Department and taxpayers to resolve issues between the two. However, the Advocate cannot serve as a substitute for normal administrative or judicial procedures. The Advocate does not have any special authority to override or change a decision the Department might make in a taxpayer's case. In fact, the Advocate does not have the statutory authority to compromise or settle tax, interest, or penalty a taxpayer might owe. Instead, the Advocate becomes the voice of a taxpayer to negotiate the taxpayer's case before the Department and to help the Department understand facts about a taxpayer's case that might not have been shared previously. The Advocate also acts as the voice of the Department to help a taxpayer better understand how a given law applies to them or why the Department decided an issue on a specific taxpayer account.

When handling taxpayer contacts, the Office listens to the taxpayer's issues and problems to gain an understanding of the case to determine what actions or assistance the Office can offer. The Office discusses the case with the taxpayer and follows up with research to identify and gather important facts about the case or account. Most of the tax-related cases require extensive research and communication between the Office and the Department to better understand the issue and to gather additional facts about the case.

In addition, tax-related contacts often require the Office to research statutes, rules, and agency procedures. This is an important part of the Advocate's activities and helps the Office understand how the facts of a given case relate to Florida law and the Taxpayer's Bill of Rights (Bill of Rights) under s. 213.015, F.S. It is important to note the Advocate is required to follow the same laws as the Department, and the Office cannot tell a taxpayer they are relieved from following these laws. For example, a taxpayer who is required to make estimated sales tax payments under s. 212.11(1), F.S., might ask the Advocate to relieve them from this requirement. The Advocate does not have the authority to tell a taxpayer they can ignore the law or to tell the Department a taxpayer does not have to follow the law.

The Office does not handle contacts regarding local property tax matters or child support issues. These contacts are referred to the Department's Property Tax Oversight and Child Support programs, respectively.

### **Section 3: Taxpayers' Rights Advocate Case Management Tracking System**

The Office uses a Cherwell based case management tracking system developed by programmers in the Department's Information Services Program. This management system is called TRATS (Taxpayers' Rights Advocate Tracking System) and was implemented on July 1, 2018, to capture taxpayer contacts. The Office captures the contact's name and business name, the relationship with the business, the tax type and tax issue, the business's location, identifying taxpayer numbers, the reason for the contact, and how the case was resolved.

### **Section 4: Taxpayers' Rights Advocate Office Contacts Received During FY 2023-24**

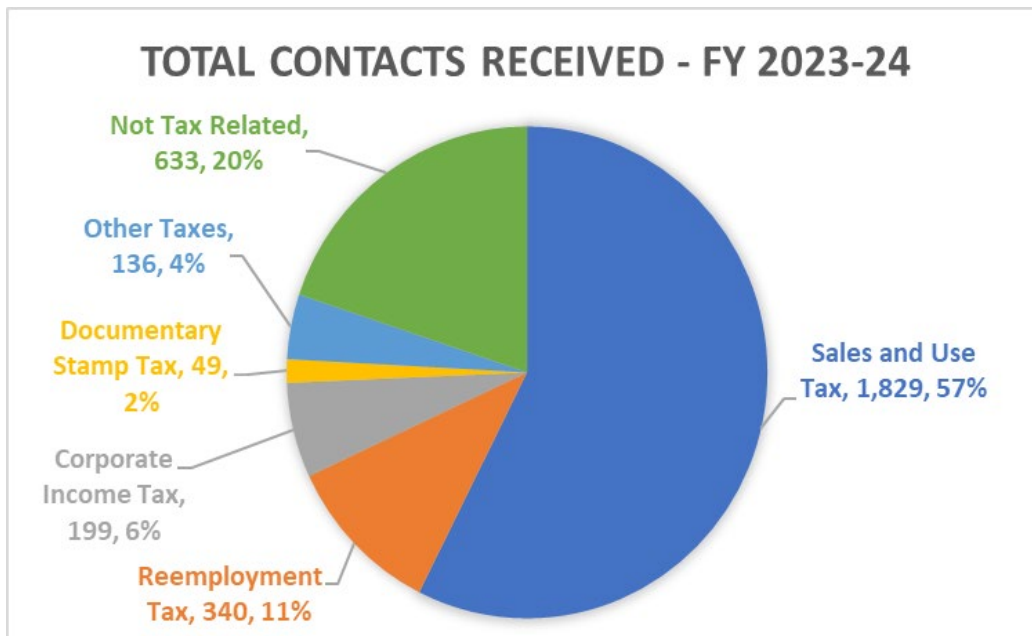
#### **Office Contacts Received During FY 2023-24 – Total Contacts**

This past fiscal year, the Office received 3,186 contacts for a variety of reasons and issues. As Table 1 and Chart 1 show below, the largest number of contacts were related to sales and use tax (1,829 for FY 2023-24), representing almost 60 percent of all contacts, which is a large increase from the prior fiscal year (1,157 for FY 2022-23). About 20 percent of the contacts the Office received were related to Internal Revenue Service issues (IRS), with other states and local agencies, and other non-tax related issues. IRS issues make up most of these contact types. The Office has added language to its website and the telephone interactive voice recording to let the public know the Advocate does not have the authority to help citizens with their IRS issues. However, the Office continues to receive calls and emails for IRS assistance. The Office welcomes any contact, call, or email, from the public and will provide tax advocate services to anyone regardless of the issue.

**TABLE 1**

| Total Contacts Received by the Taxpayers' Rights Advocate During FY 2023-24 |                    |                           |
|-----------------------------------------------------------------------------|--------------------|---------------------------|
| Tax Type                                                                    | Number of Contacts | Percent of Total Contacts |
| Sales and Use Tax                                                           | 1,829              | 57%                       |
| Reemployment Tax                                                            | 340                | 11%                       |
| Corporate Income Tax                                                        | 199                | 6%                        |
| Documentary Stamp Tax                                                       | 49                 | 2%                        |
| Other Tax-Related Contacts                                                  | 136                | 4%                        |
| Other Non-Tax Related Contacts                                              | 633                | 20%                       |
| Totals                                                                      | 3,186              | 100.0%                    |

**CHART 1**



## Office Contacts Received During FY 2023-24 by Tax Type

Most of the contacts the Office receives are tax related. The most common tax type contacts are sales and use tax, reemployment tax, documentary stamp tax, and Florida corporate income tax.

- **Sales and Use Tax:** This contact type involves the taxes provided in chapter 212, F.S. It includes the state sales and use tax and the county-imposed discretionary sales surtax. Sales and use tax and the discretionary sales surtax generally apply to the retail sale or rental of tangible personal property, transient rentals, commercial rentals, admissions, and various services.
- **Reemployment Tax:** This contact type involves the reemployment tax provided in chapter 443, F.S. Every state has an unemployment compensation program. In 2012, the Florida Legislature passed a law changing the name of Florida's Unemployment Compensation Law to the Reemployment Assistance Program Law. Employers pay reemployment tax, and the tax collected is deposited into the Unemployment Compensation Trust Fund for the sole purpose of paying reemployment assistance benefits to eligible claimants. The Department administers the reemployment tax, registers employers, collects the tax and wage reports due, assigns tax rates, and audits employers.
- **Documentary Stamp Tax:** This contact type involves the tax provided in ss. 201.02, 201.07, and 201.08, F.S. This is an excise tax on documents such as deeds, bonds, notes, and other written obligations to pay money, mortgages, liens, and other evidence of indebtedness.
- **Florida Corporate Income Tax:** This contact type involves the tax provided in chapter 220, F.S. Generally, all corporations, associations, or entities doing business, earning income, or existing in Florida are required to file the *Florida Corporate Income/Franchise Tax Return* (Form F-1120).

The Office also received other tax-related contacts and non-tax related contacts as follows:

- **Other Tax-Related Contacts:** This category includes contacts received for other tax types such as communications services tax, motor fuel tax, pollutants tax, governmental leasehold tax, insurance premium tax, ad valorem or property tax, or other taxes or fees the Department administers.
- **Other Non-Tax Related Contacts:** This category includes contacts received for the IRS, Child Support Program, other governmental and state agencies outside the Department, and other non-tax issues.

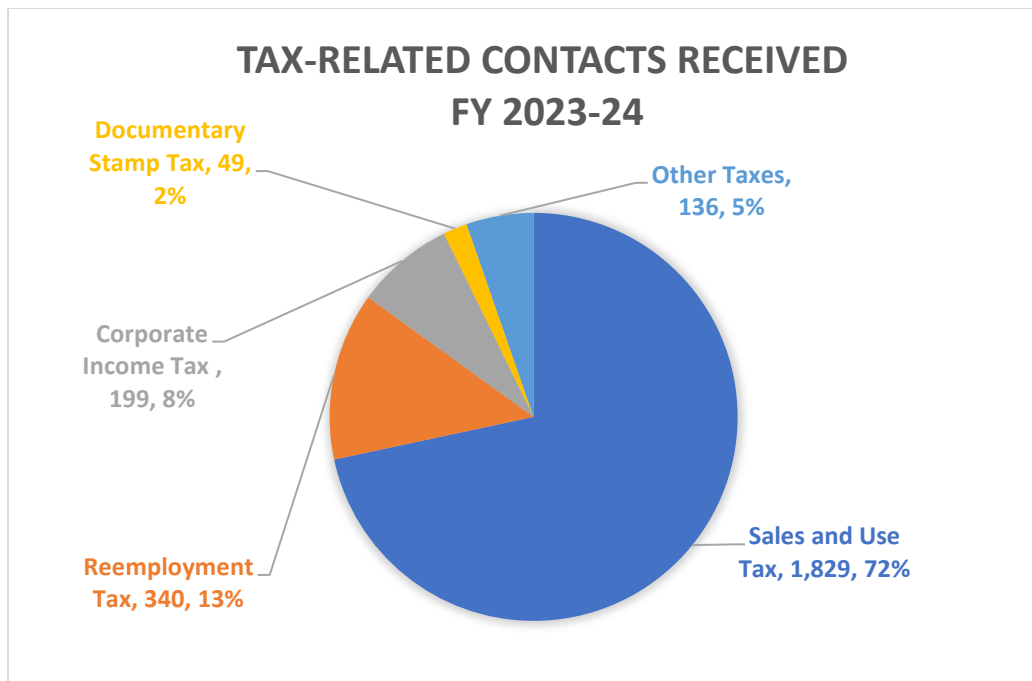
Table 2 and Chart 2 below provide an analysis by tax type of the tax-related contacts the Office handled during FY 2023-24. Sales and use tax contacts represent the largest category by far with

about 72 percent all tax contacts. Reemployment tax follows a distant second with about 13 percent.

**TABLE 2**

| Tax-Related Contacts Received by the Taxpayers' Rights Advocate During FY 2023-24 |                    |                           |
|-----------------------------------------------------------------------------------|--------------------|---------------------------|
| Tax Type                                                                          | Number of Contacts | Percent of Total Contacts |
| Sales and Use Tax                                                                 | 1,829              | 72%                       |
| Reemployment Tax                                                                  | 340                | 13%                       |
| Corporate Income Tax                                                              | 199                | 8%                        |
| Documentary Stamp Tax                                                             | 49                 | 2%                        |
| Other Tax-Related Contacts                                                        | 136                | 5%                        |
| Totals                                                                            | 2,553              | 100.0%                    |

**CHART 2**



There is value in analyzing historical contact data that is available in the Advocate's TRATS, and the Office has analyzed all taxpayer contacts from FY 2018-19 to FY 2023-24. The results of this

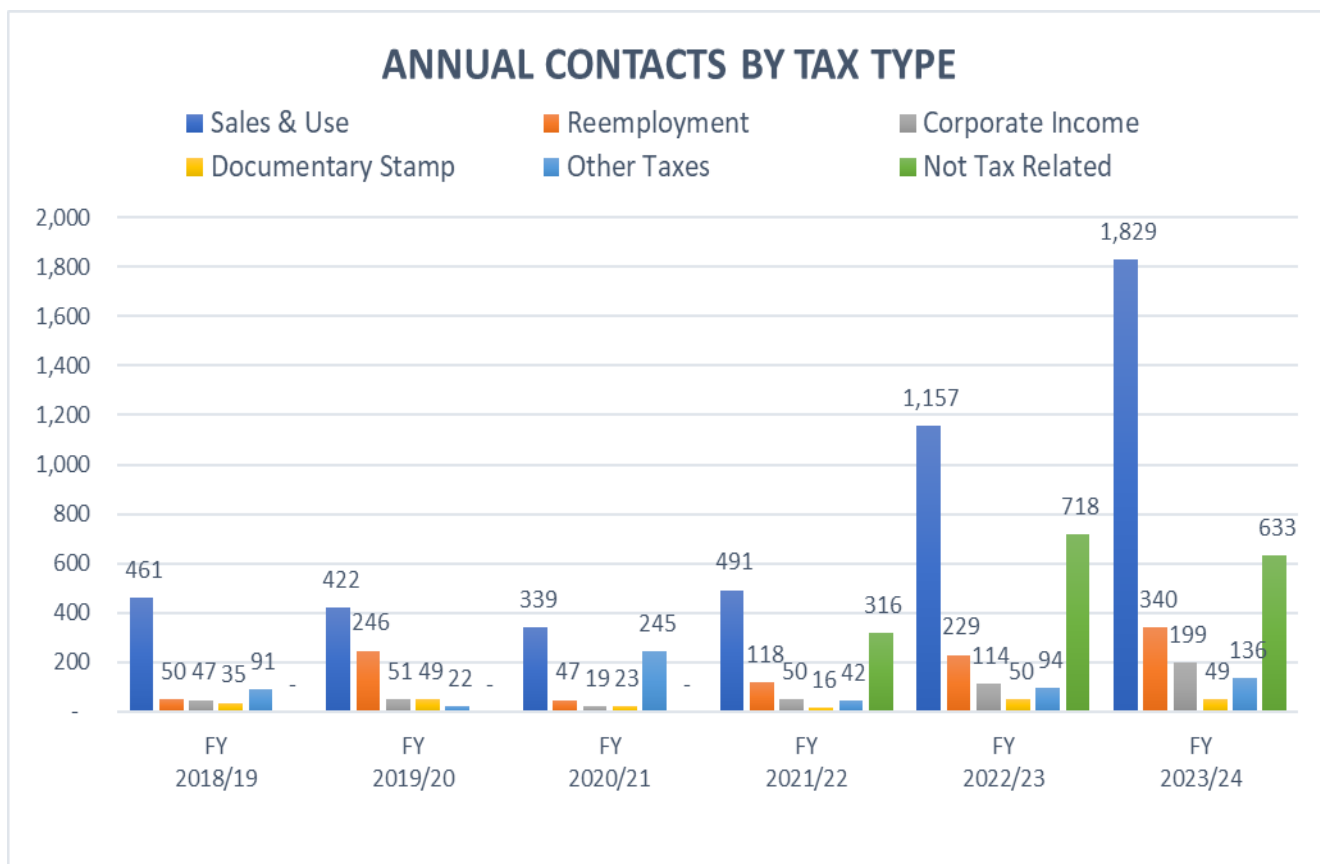
review are provided in Table 3 and Charts 3. The Office found a yearly increase for all contact types and total contacts received. Total contacts went from 684 in FY 2018-19 to 3,186 in FY 2023-24 for an increase of about 365 percent. Sales and use tax contacts are the largest contact type for all years with a combined average of 54 percent. As reported in last fiscal year's annual report, the most striking increase is with non-tax related contacts, which went from no contacts in FY 2018-19 to 718 in FY 2022-23. However, there was a decrease in these contact types in FY 2023-24 with 633 contacts. The reason for the decrease from the prior fiscal year is a decrease in IRS-related contacts, which went from 472 in FY 2022-23 to 357 in FY 2023-24. This was a decrease of 115 IRS contacts, which the Office identifies as significant and attributes it, in part, to adding information and guidance on the Advocate's website.

**TABLE 3**

| <b>Annual Contacts by Tax Type</b> |                       |                       |                       |                       |                       |                       |              |                             |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|--------------|-----------------------------|
| <b>Tax Type</b>                    | <b>FY<br/>2018-19</b> | <b>FY<br/>2019-20</b> | <b>FY<br/>2020-21</b> | <b>FY<br/>2021-22</b> | <b>FY<br/>2022-23</b> | <b>FY<br/>2023-24</b> | <b>Total</b> | <b>Percent<br/>of Total</b> |
| Sales and Use                      | 461                   | 422                   | 339                   | 491                   | 1,157                 | 1,829                 | 4,699        | 54%                         |
| Reemployment                       | 50                    | 246                   | 47                    | 118                   | 229                   | 340                   | 1,030        | 12%                         |
| Corporate Income                   | 47                    | 51                    | 19                    | 50                    | 114                   | 199                   | 480          | 5%                          |
| Documentary Stamp                  | 35                    | 49                    | 23                    | 16                    | 50                    | 49                    | 222          | 3%                          |
| Other Taxes                        | 91                    | 22                    | 245                   | 42                    | 94                    | 136                   | 630          | 7%                          |
| Not Tax Related                    | -                     | -                     | -                     | 316                   | 718                   | 633                   | 1,667        | 19%                         |
| <b>Totals</b>                      | <b>684</b>            | <b>790</b>            | <b>673</b>            | <b>1,033</b>          | <b>2,362</b>          | <b>3,186</b>          | <b>8,728</b> | <b>100%</b>                 |

Chart 3 shows annual contacts by tax type for FY 2018-19 through FY 2023-24.

**CHART 3**



#### Contacts by Major Issue Type for FY 2023-24

Last fiscal year the Office introduced new contact data stratified by major issue types, which included the following major issues:

- Audit/Protest Assistance
- Collections
- Taxpayer Assistance
- Technical Assistance
- IRS
- Not a Tax Issue

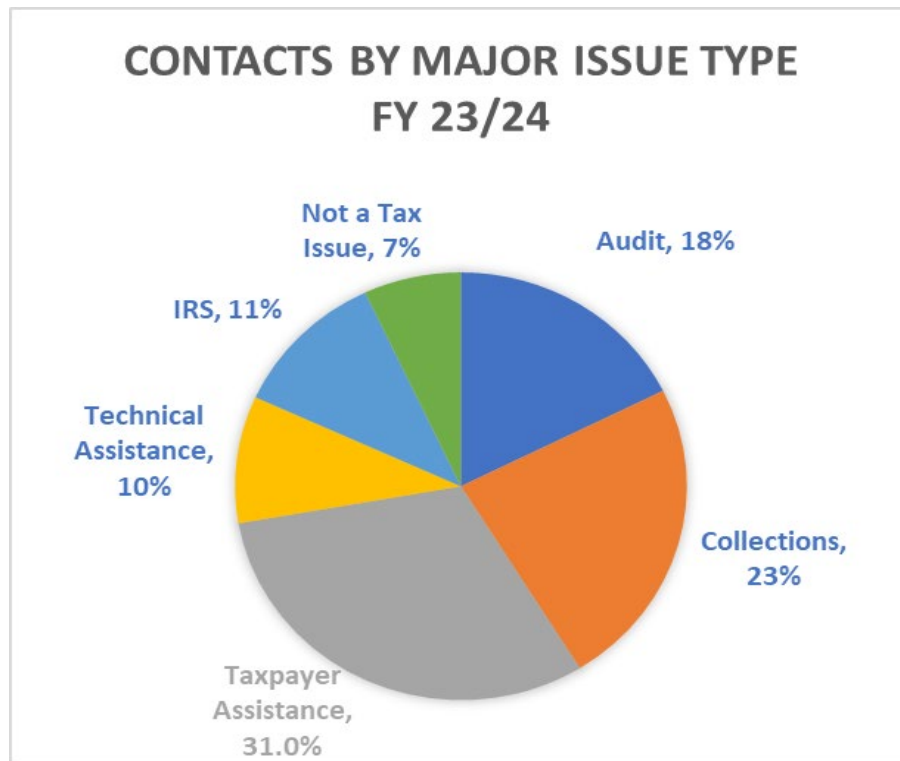
Contact data for FY 2023-24 is provided in Table 4 and Chart 4. Taxpayer Assistance issues received the most contacts with 31 percent followed by collection issues with 23 percent. Audit issues received 18 percent for all contact types, taking third place. Fourth place is held by IRS

contacts with 11 percent, followed by technical assistance with 10 percent and not a tax issue with 7 percent.

**Table 4**

| Contacts by Major Issue Type<br>FY 2023-24 |     |     |      |     |     |     |     |     |     |     |     |     |       |      |
|--------------------------------------------|-----|-----|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|------|
| Issue                                      | Jul | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | TOTAL | %    |
| Audit                                      | 31  | 28  | 32   | 37  | 23  | 33  | 55  | 62  | 67  | 64  | 66  | 64  | 562   | 18%  |
| Collections                                | 53  | 50  | 69   | 77  | 43  | 47  | 78  | 59  | 63  | 64  | 78  | 69  | 750   | 23%  |
| Taxpayer Assistance                        | 70  | 66  | 80   | 63  | 39  | 57  | 112 | 100 | 109 | 89  | 108 | 96  | 989   | 31%  |
| Technical Assistance                       | 25  | 27  | 38   | 40  | 25  | 20  | 26  | 17  | 24  | 16  | 19  | 29  | 306   | 10%  |
| IRS                                        | 16  | 18  | 16   | 22  | 14  | 13  | 24  | 43  | 38  | 55  | 57  | 41  | 357   | 11%  |
| Not a Tax Issue                            | 16  | 22  | 16   | 24  | 13  | 14  | 15  | 15  | 22  | 20  | 24  | 21  | 222   | 7%   |
| TOTAL                                      | 211 | 211 | 251  | 263 | 157 | 184 | 310 | 296 | 323 | 308 | 352 | 320 | 3,186 | 100% |

**Chart 4**



### Cumulative Contacts by Major Issue Type for FY 2018-19 – FY 2023-24

Table 5 and Charts 5.1 and 5.2 show these contacts by major issue groups for FY 2018-19 through FY 2023-24. Taxpayer assistance issues received the largest number of contacts with a combined average of 30 percent over the past six years. Collection issues followed with 20 percent. Audit and IRS related contacts came in third and fourth with 15 percent each followed with Not a tax Issue with 12 percent and Technical Assistance issues with 8 percent.

**TABLE 5**

| Cumulative Contacts by Major Issue Type<br>FY 2018-19 - FY 2023-24 |            |            |            |              |              |              |              |             |
|--------------------------------------------------------------------|------------|------------|------------|--------------|--------------|--------------|--------------|-------------|
| Issue                                                              | FY 2018-19 | FY 2019-20 | FY 2020-21 | FY 2021-22   | FY 2022-23   | FY 2023-24   | Total        | Percent     |
| Audit Related                                                      | 228        | 205        | 105        | 80           | 169          | 562          | 1,349        | 15%         |
| Collections Related                                                | 134        | 84         | 106        | 176          | 476          | 750          | 1,726        | 20%         |
| Taxpayer Assistance                                                | 228        | 225        | 116        | 222          | 872          | 989          | 2,652        | 30%         |
| Technical Assistance                                               | 56         | 81         | 43         | 91           | 108          | 306          | 685          | 8%          |
| IRS                                                                | 3          | 109        | 177        | 197          | 472          | 357          | 1,315        | 15%         |
| Not a Tax Issue                                                    | 35         | 86         | 126        | 267          | 265          | 222          | 1,001        | 12%         |
| <b>Total</b>                                                       | <b>684</b> | <b>790</b> | <b>673</b> | <b>1,033</b> | <b>2,362</b> | <b>3,186</b> | <b>8,728</b> | <b>100%</b> |

**CHART 5.1**

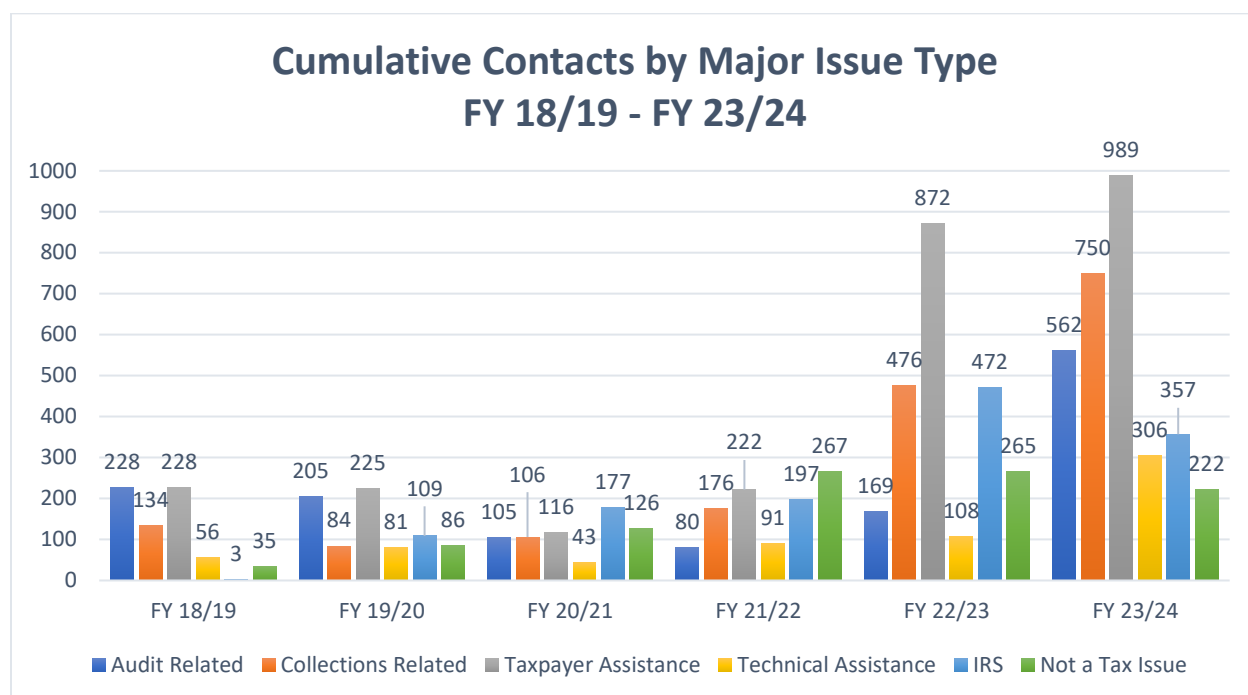
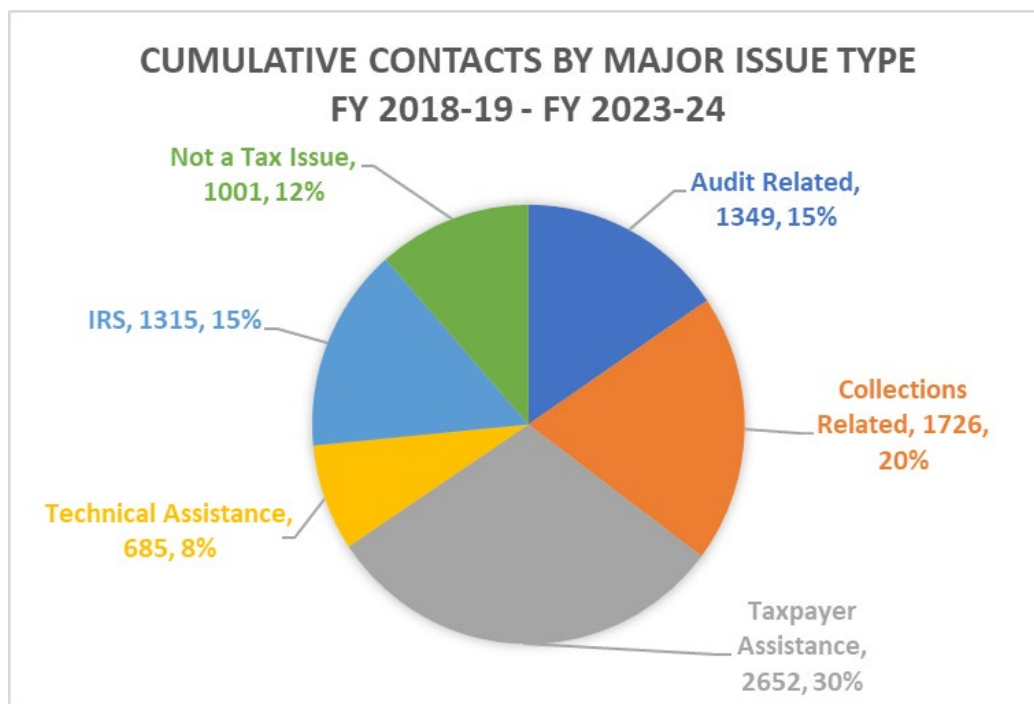


CHART 5.2



#### Office Contacts Received During FY 2023-24 by Minor Issue Type

This year the Office is introducing new contact data by drilling down into the major issue groups stratified by minor issue types as follows:

- **Audit**
  - Requests for Further Review (RFRs): These issues are from taxpayers who have lost their appeal rights, and their audit assessment has become a final assessment. The Office received 182 contacts for this category this fiscal year, which is about 6 percent of the total contacts received (32 percent of Audit contacts). Working with the Department, the Office was able to grant appeal rights to 24 taxpayers because the *Notice of Proposed Assessment* was sent to the wrong address.
  - Audit Assistance: These issues are from taxpayers requesting assistance or guidance with an audit, requests to contact the auditor, requests to change an audit venue or service center based on the location of the taxpayer's records, helping a taxpayer understand what records the Department needs to conduct the audit, explaining to the taxpayer the results of an audit or why they might owe tax, and helping a taxpayer understand their protest rights and deadlines. The Office has also started receiving questions from taxpayers who have been selected for an audit and are wondering if the notice they received is real or a scam. The

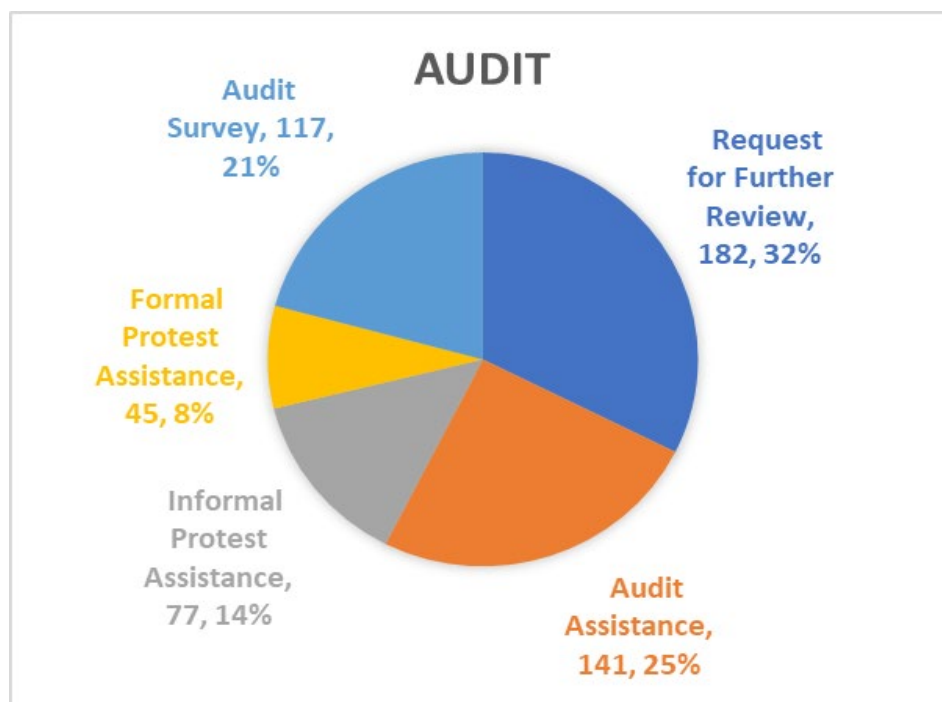
Office received 141 contacts for this category this fiscal year which is about 4 percent of the total contacts received (25 percent of Audit contacts).

- Informal Protest Assistance: These are contacts from taxpayers who are asking for information about the informal protest process, assistance filing an informal protest; requests for copies of *Notices of Decision* (NODs), *Notices of Reconsideration* (NORs), and Closing Agreements; copies of audit files; updates on a case; and requests to contact the Department's conferee assigned to their case. The Office received 77 contacts for this category this fiscal year. This represents about 2 percent of the total contacts (14 percent of Audit contacts).
- Formal Protest Assistance: These are contacts from taxpayers who are asking for information about the formal protest process, for assistance filing a formal protest, for updates on their case, and questions about case dismissals. The Office received 45 contacts for this category this fiscal year, which is about 1 percent of the total contacts received (8 percent of Audit contacts).
- Audit Surveys: The Department sends audited taxpayers a survey asking the taxpayer about their audit experience with ratings of Far Below Expectations, Below Expectations, Met Expectations, Exceeded Expectations, and Far Exceeded Expectations. The Office started reviewing audit surveys beginning in January 2024. For the period January through June 2024, the Office reviewed 117 audit surveys, which averages about 20 surveys per month. On a scale of 1 to 5, with 5 being the highest score, the average score for this six-month period is 4.37, or a little over Exceeded Expectations.

**TABLE 6**

| <b>Contacts by Minor Issue Type - AUDIT</b> |            |            |             |            |            |            |            |            |            |            |            |            |              |             |
|---------------------------------------------|------------|------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|-------------|
| <b>Specific Minor Issue</b>                 | <b>Jul</b> | <b>Aug</b> | <b>Sept</b> | <b>Oct</b> | <b>Nov</b> | <b>Dec</b> | <b>Jan</b> | <b>Feb</b> | <b>Mar</b> | <b>Apr</b> | <b>May</b> | <b>Jun</b> | <b>TOTAL</b> | <b>%</b>    |
| <b>Request for Further Review</b>           | 12         | 13         | 15          | 14         | 10         | 15         | 12         | 16         | 18         | 14         | 22         | 21         | <b>182</b>   | <b>32%</b>  |
| <b>Audit Assistance</b>                     | 15         | 8          | 8           | 14         | 7          | 8          | 16         | 12         | 13         | 13         | 10         | 17         | <b>141</b>   | <b>25%</b>  |
| <b>Informal Protest Assistance</b>          | 2          | 5          | 6           | 4          | 3          | 7          | 7          | 12         | 10         | 10         | 8          | 3          | <b>77</b>    | <b>14%</b>  |
| <b>Formal Protest Assistance</b>            | 2          | 2          | 3           | 5          | 3          | 3          | 3          | 3          | 7          | 3          | 9          | 2          | <b>45</b>    | <b>8%</b>   |
| <b>Audit Survey</b>                         |            |            |             |            |            |            | 17         | 19         | 19         | 24         | 17         | 21         | <b>117</b>   | <b>21%</b>  |
| <b>TOTAL</b>                                | <b>31</b>  | <b>28</b>  | <b>32</b>   | <b>37</b>  | <b>23</b>  | <b>33</b>  | <b>55</b>  | <b>62</b>  | <b>67</b>  | <b>64</b>  | <b>66</b>  | <b>64</b>  | <b>562</b>   | <b>100%</b> |

CHART 6



- **Collections**

- General Collections: These are contacts from taxpayers who have general collection issue questions, or they are having a hard time contacting the Department. These are also contacts from taxpayers with bankruptcy issues and current or prior criminal cases, along with contacts from taxpayers asking for assistance entering into a voluntary disclosure agreement. The Office received 291 contacts this fiscal year for this category, which is about 9 percent of the total contacts received (39 percent of Collection contacts).
- Bank Freeze: These are contacts from taxpayers who have had their bank account(s) frozen by the Department for failure to bring their account current. Taxpayers often ask the Office to intercede on their behalf to help them unfreeze their bank account. The Office received 64 contacts for this category this fiscal year, which is about 2 percent of the total contacts received (8 percent of Collections contacts).
- Payment Plans: Taxpayers contact the Office asking for assistance with setting up a payment plan. Most of the contacts are when a taxpayer and the Department cannot agree on payment plan terms and the Office attempts to negotiate terms between the two parties. Other contacts include requests from taxpayers who are having a hard time making the monthly payments they agreed to make when they signed their payment plan agreement. In these cases, the Office reaches out to Collections management to see if there are grounds for some amendments to the

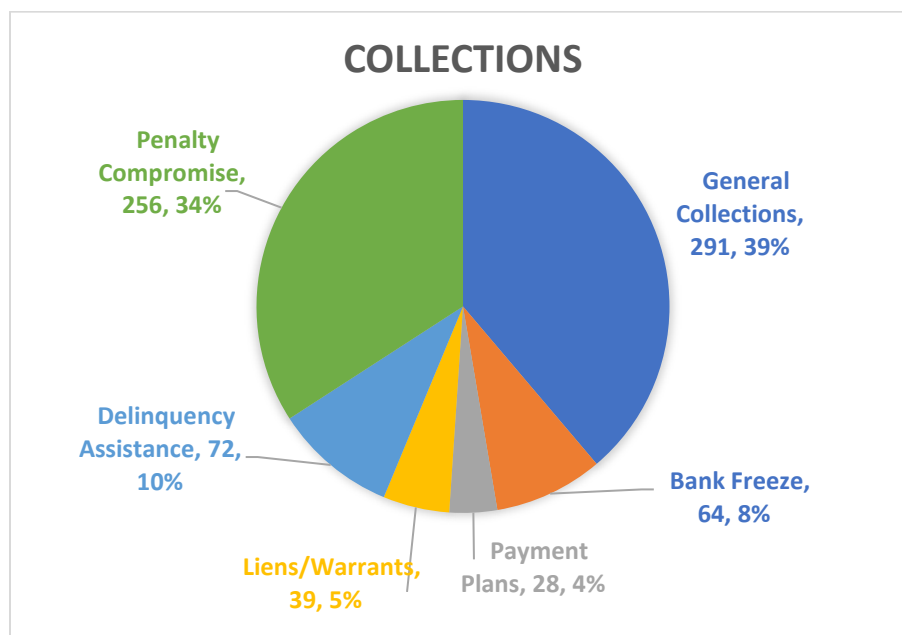
payment terms that might help the taxpayer continue making their scheduled payments. The Office received 28 contacts for this category this fiscal year, which is about 1 percent of the total contacts received (4 percent of Collections contacts).

- Liens/Warrants: Taxpayers sometimes contact the Office when they find out the Department has filed a tax lien or warrant against their business. Contacts include lien/warrant satisfactions, helping the taxpayer contact the Department, helping the taxpayer understand what a tax lien/warrant is, and guidance on how the taxpayer can resolve the lien/warrant. The Office received 39 contacts for this category this fiscal year, which is about 1 percent of the total contacts received (5 percent of Collections contacts).
- Delinquency Assistance: When a taxpayer receives a delinquency notice for their failure to file a tax return, they sometimes contact the Office for assistance. The Office received 72 contacts this fiscal year for this category, which is about 2 percent of the total contacts received (10 percent of Collections contacts).
- Penalty Compromise Requests: Taxpayers often contact the Office for assistance in helping them with their request for a compromise of penalty for filing a tax return late. These contacts also include complaints by taxpayers who are having a hard time contacting the Department and/or their request for a penalty compromise was denied without a reason for the denial. For penalty denials without a reason, please see the Section 8 on page 30 after a review of the administrative issues. The Office contacts the Department to have an agent contact the taxpayer about their request for a penalty compromise. The Office received 256 contacts for this category this fiscal year, which is about 8 percent of the total contacts received (34 percent of Collections contacts).

**TABLE 7**

| <b>Contacts by Minor Issue Type - COLLECTIONS</b> |            |            |             |            |            |            |            |            |            |            |            |            |              |             |
|---------------------------------------------------|------------|------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|-------------|
| <b>Specific Minor Issue</b>                       | <b>Jul</b> | <b>Aug</b> | <b>Sept</b> | <b>Oct</b> | <b>Nov</b> | <b>Dec</b> | <b>Jan</b> | <b>Feb</b> | <b>Mar</b> | <b>Apr</b> | <b>May</b> | <b>Jun</b> | <b>TOTAL</b> | <b>%</b>    |
| <b>General Collections</b>                        | 12         | 11         | 27          | 34         | 21         | 34         | 50         | 16         | 18         | 27         | 23         | 18         | <b>291</b>   | <b>39%</b>  |
| <b>Bank Freeze</b>                                | 0          | 3          | 1           | 2          | 2          | 0          | 5          | 6          | 4          | 8          | 16         | 17         | <b>64</b>    | <b>8%</b>   |
| <b>Payment Plans</b>                              | 1          | 0          | 1           | 3          | 1          | 2          | 3          | 1          | 3          | 2          | 5          | 6          | <b>28</b>    | <b>4%</b>   |
| <b>Liens/Warrants</b>                             | 3          | 1          | 3           | 1          | 4          | 1          | 2          | 1          | 12         | 1          | 4          | 6          | <b>39</b>    | <b>5%</b>   |
| <b>Delinquency Assistance</b>                     | 9          | 11         | 10          | 10         | 7          | 1          | 0          | 0          | 7          | 7          | 5          | 5          | <b>72</b>    | <b>10%</b>  |
| <b>Penalty Compromise</b>                         | 28         | 24         | 27          | 27         | 8          | 9          | 18         | 35         | 19         | 19         | 25         | 17         | <b>256</b>   | <b>34%</b>  |
| <b>TOTAL</b>                                      | <b>53</b>  | <b>50</b>  | <b>69</b>   | <b>77</b>  | <b>43</b>  | <b>47</b>  | <b>78</b>  | <b>59</b>  | <b>63</b>  | <b>64</b>  | <b>78</b>  | <b>69</b>  | <b>750</b>   | <b>100%</b> |

CHART 7



- **Taxpayer Assistance (TA)**

- General Assistance: These issues are from taxpayers who are asking for assistance with filing a tax return online using the Department's portal. Other contact issues include how to calculate the tax they owe, filing amended returns, reemployment tax rate questions, clearance letters, copies of prior tax returns, account status questions, tax returns and checks received from taxpayers the Office forwards to the Department's remittance processing section, and requests to confirm a contact they received is from the Department. The Advocate also receives subpoenas for records from the United States Department of Justice which are forwarded to the Office of the General Counsel for processing. The Office received 472 contacts for this category this fiscal year, which is our largest contact category representing about 15 percent of the total contacts received (48 percent of TA contacts).
- Tax Violations: Taxpayers contact the Office with concerns about being charged tax on a non-taxable item or about a business that is not charging or reporting taxes properly to the Department. The Office received 82 contacts for this category this fiscal year, which is about 3 percent of the total contacts received (8 percent of TA contacts).
- Property Tax: Property owners in Florida sometimes have questions or concerns about their property tax bill and homestead exemption issues. The Office refers these contacts to the Department's Property Tax Oversight Program. The Office

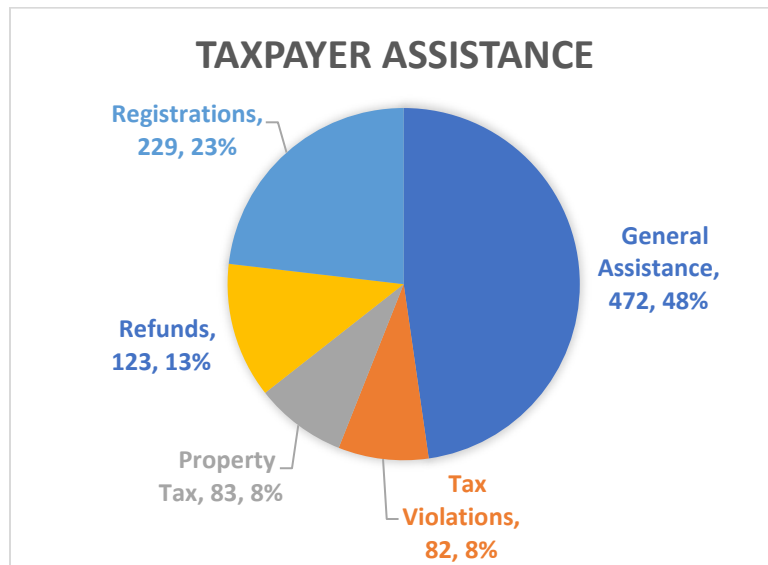
received 83 contacts for this category this fiscal year, which is about 3 percent of the total contacts received (8 percent of TA contacts).

- Refunds: These are contacts from taxpayers who have filed a refund claim with the Department and are asking for an update, or they have received a refund denial and are asking the Office for assistance. Taxpayers also ask for assistance with filing a refund request or with help contacting the refund auditor assigned to their case. The Office received 123 contacts for this category this fiscal year, which is about 4 percent of the total contacts received (13 percent of TA contacts).
- Registration: These are contacts from citizens asking for help completing the *Florida Business Tax Application* (Form DR-1), the application's status, forms or coupon booklets, copies of resale certificates, name changes, location changes, closing accounts, questions about starting a new business and the reporting requirements, and to link a transient rental property to a property management company. The Office received 229 contacts for this category this fiscal year, which is about 7 percent of the total contacts received (23 percent of TA contacts).

**TABLE 8**

| <b>Contacts by Minor Issue Type – TAXPAYER ASSISTANCE</b> |            |            |             |            |            |            |            |            |            |            |            |            |              |             |
|-----------------------------------------------------------|------------|------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|-------------|
| <b>Specific Minor Issue</b>                               | <b>Jul</b> | <b>Aug</b> | <b>Sept</b> | <b>Oct</b> | <b>Nov</b> | <b>Dec</b> | <b>Jan</b> | <b>Feb</b> | <b>Mar</b> | <b>Apr</b> | <b>May</b> | <b>Jun</b> | <b>TOTAL</b> | <b>%</b>    |
| <b>General Assistance</b>                                 | 43         | 38         | 34          | 18         | 16         | 23         | 42         | 58         | 47         | 44         | 55         | 54         | <b>472</b>   | <b>48%</b>  |
| <b>Tax Violations</b>                                     | 2          | 1          | 5           | 8          | 2          | 9          | 8          | 3          | 24         | 4          | 10         | 6          | <b>82</b>    | <b>8%</b>   |
| <b>Property Tax</b>                                       | 3          | 3          | 6           | 5          | 7          | 7          | 12         | 8          | 7          | 8          | 8          | 9          | <b>83</b>    | <b>8%</b>   |
| <b>Refunds</b>                                            | 5          | 4          | 14          | 11         | 3          | 8          | 6          | 14         | 14         | 14         | 19         | 11         | <b>123</b>   | <b>13%</b>  |
| <b>Registrations</b>                                      | 17         | 20         | 21          | 21         | 11         | 10         | 44         | 17         | 17         | 19         | 16         | 16         | <b>229</b>   | <b>23%</b>  |
| <b>TOTAL</b>                                              | <b>70</b>  | <b>66</b>  | <b>80</b>   | <b>63</b>  | <b>39</b>  | <b>57</b>  | <b>112</b> | <b>100</b> | <b>109</b> | <b>89</b>  | <b>108</b> | <b>96</b>  | <b>989</b>   | <b>100%</b> |

**CHART 8**



- **Technical Assistance**

These issues are from taxpayers asking about the tax treatment of a particular item or a purchase or how a specific tax might apply to their business. These issues also include questions about one of Florida's sales tax holidays. This past fiscal year the Florida Legislature passed legislation for several new sales tax holidays. Most of these issues were from people asking if a purchase they made was included in one of the holidays and exempt from sales tax. The Office also received some contacts in which the business or retailer was not honoring the tax-exempt purchase of a specific item during one of the holidays. In these cases, the Office provides information to the person on what they can do, and in some cases the Office worked with the Department to contact the business about the issue. The Office received 306 contacts for this category this fiscal year, which is about 10 percent of the total contacts received.

**TABLE 9**

| Contacts by Issue Type – TECHNICAL ASSISTANCE |     |     |      |     |     |     |     |     |     |     |     |     |       |      |
|-----------------------------------------------|-----|-----|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|------|
| Specific Issue                                | Jul | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | TOTAL | %    |
| Technical Assistance                          | 25  | 27  | 38   | 40  | 25  | 20  | 26  | 17  | 24  | 16  | 19  | 29  | 306   | 100% |

- **Internal Revenue Service (IRS)**

These issues are from the public asking for assistance with their federal tax issues. The Office attempts to help the citizen with contact information for the IRS by directing them to the IRS service center closest to their home or the IRS Taxpayer Advocate's Office. The Office received 357 contacts for this category this fiscal year, which is about 11 percent of the total contacts received. The Office was seeing a steady increase in the number of IRS contacts starting in FY 2018-19 with only three contacts. This number increased to 109 in FY 2019-20, 177 in FY 2020-21, 197 in FY 2021-22, and a big jump to 472 contacts in FY 2022-23. The Office made a few changes to the Advocate's website on the Department's webpage last fiscal year providing additional IRS information for the public, which might have helped reduce the number of contacts the Office received for this fiscal year.

**TABLE 10**

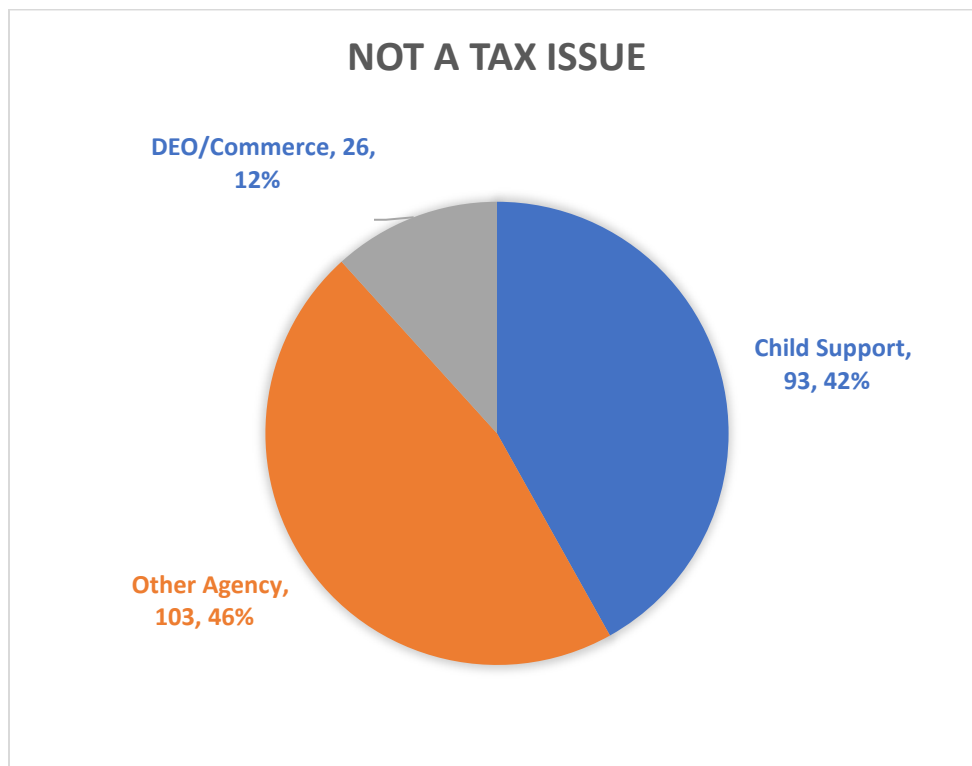
| <b>Contacts by Issue Type – IRS</b> |            |            |             |            |            |            |            |            |            |            |            |            |              |             |
|-------------------------------------|------------|------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|-------------|
| <b>Specific Issue</b>               | <b>Jul</b> | <b>Aug</b> | <b>Sept</b> | <b>Oct</b> | <b>Nov</b> | <b>Dec</b> | <b>Jan</b> | <b>Feb</b> | <b>Mar</b> | <b>Apr</b> | <b>May</b> | <b>Jun</b> | <b>TOTAL</b> | <b>%</b>    |
| <b>IRS</b>                          | 16         | 18         | 16          | 22         | 14         | 13         | 24         | 43         | 38         | 55         | 57         | 41         | <b>357</b>   | 100%        |
| <b>TOTAL</b>                        | 16         | 18         | 16          | 22         | 14         | 13         | 24         | 43         | 38         | 55         | 57         | 41         | <b>357</b>   | <b>100%</b> |

- **Not a Tax Issue**

These issues include requests for assistance with child support enforcement, issues related to other governmental and State agencies outside the Department, and other non-tax related requests from the public (e.g., how can I increase my credit rating, my identity was stolen, voter fraud, how can I change the existing documentary stamp tax law, etc.). The Office received 222 (Child Support 93 + Other Agency 103 + DEO/Commerce 26) contacts for this category this fiscal year, which is about 7 percent of the total contacts received.

**TABLE 11**

| <b>Contacts by Issue Type – NOT A TAX ISSUE</b> |            |            |             |            |            |            |            |            |            |            |            |            |              |             |
|-------------------------------------------------|------------|------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|-------------|
| <b>Specific Issue</b>                           | <b>Jul</b> | <b>Aug</b> | <b>Sept</b> | <b>Oct</b> | <b>Nov</b> | <b>Dec</b> | <b>Jan</b> | <b>Feb</b> | <b>Mar</b> | <b>Apr</b> | <b>May</b> | <b>Jun</b> | <b>TOTAL</b> | <b>%</b>    |
| <b>Child Support</b>                            | 3          | 9          | 7           | 10         | 6          | 9          | 7          | 5          | 10         | 9          | 9          | 9          | <b>93</b>    | <b>42%</b>  |
| <b>Other Agency</b>                             | 12         | 11         | 6           | 10         | 5          | 2          | 6          | 8          | 10         | 9          | 13         | 11         | <b>103</b>   | <b>46%</b>  |
| <b>DEO/Commerce</b>                             | 1          | 2          | 3           | 4          | 2          | 3          | 2          | 2          | 2          | 2          | 2          | 1          | <b>26</b>    | <b>12%</b>  |
| <b>TOTAL</b>                                    | <b>16</b>  | <b>22</b>  | <b>16</b>   | <b>24</b>  | <b>13</b>  | <b>14</b>  | <b>15</b>  | <b>15</b>  | <b>22</b>  | <b>20</b>  | <b>24</b>  | <b>21</b>  | <b>222</b>   | <b>100%</b> |

**CHART 11**

#### **Office Contacts Received During FY 2023-24 by Location**

The Department has 40 service centers throughout the US and in Florida. Table 12 provides an analysis of the contacts the Office received in which a Department service center was identified. Contacts received with no specific location represent a little less than half of all contacts. These

are for contact types including IRS issues, other non-tax related contacts, and general questions. The Department's Miami Service Center, the Out-of-State Service Center, and the Tampa Service Center received the largest number of contacts.

**TABLE 12**

| <b>Contacts Handled by the Taxpayer Rights Advocate by Location in FY 2023-24</b> |                           |                                  |
|-----------------------------------------------------------------------------------|---------------------------|----------------------------------|
| <b>DOR Location</b>                                                               | <b>Number of Contacts</b> | <b>Percent of Total Contacts</b> |
| No Location                                                                       | 1,477                     | 46.36%                           |
| Miami                                                                             | 301                       | 9.45%                            |
| Out of State                                                                      | 174                       | 5.46%                            |
| Tampa                                                                             | 162                       | 5.08%                            |
| Coral Springs                                                                     | 136                       | 4.27%                            |
| Tallahassee                                                                       | 127                       | 3.99%                            |
| Orlando                                                                           | 117                       | 3.67%                            |
| West Palm Beach                                                                   | 116                       | 3.64%                            |
| Jacksonville                                                                      | 85                        | 2.67%                            |
| Fort Myers                                                                        | 73                        | 2.29%                            |
| Sarasota                                                                          | 65                        | 2.04%                            |
| Alachua                                                                           | 57                        | 1.79%                            |
| Fort Pierce                                                                       | 45                        | 1.41%                            |
| Largo                                                                             | 39                        | 1.22%                            |
| Daytona Beach                                                                     | 37                        | 1.16%                            |
| Lakeland                                                                          | 35                        | 1.10%                            |
| Pensacola                                                                         | 31                        | 0.97%                            |
| Melbourne                                                                         | 28                        | 0.88%                            |
| Naples                                                                            | 24                        | 0.75%                            |
| Panama City                                                                       | 21                        | 0.66%                            |
| Lake City                                                                         | 18                        | 0.56%                            |
| Leesburg                                                                          | 9                         | 0.28%                            |
| Marianna                                                                          | 4                         | 0.13%                            |
| Clearwater                                                                        | 2                         | 0.06%                            |
| Holiday                                                                           | 1                         | 0.03%                            |
| Pittsburgh, PA                                                                    | 1                         | 0.03%                            |
| Port Richey                                                                       | 1                         | 0.03%                            |
| <b>Totals:</b>                                                                    | <b>3,186</b>              | <b>100.0%</b>                    |

### Office Contacts Received During FY 2023-24 by Month

Table 13 provides an analysis of contacts the Office received by month during FY 2023-24. The Office received an average about 265 contacts per month as compared to about 200 contacts per month last fiscal year.

**TABLE 13**

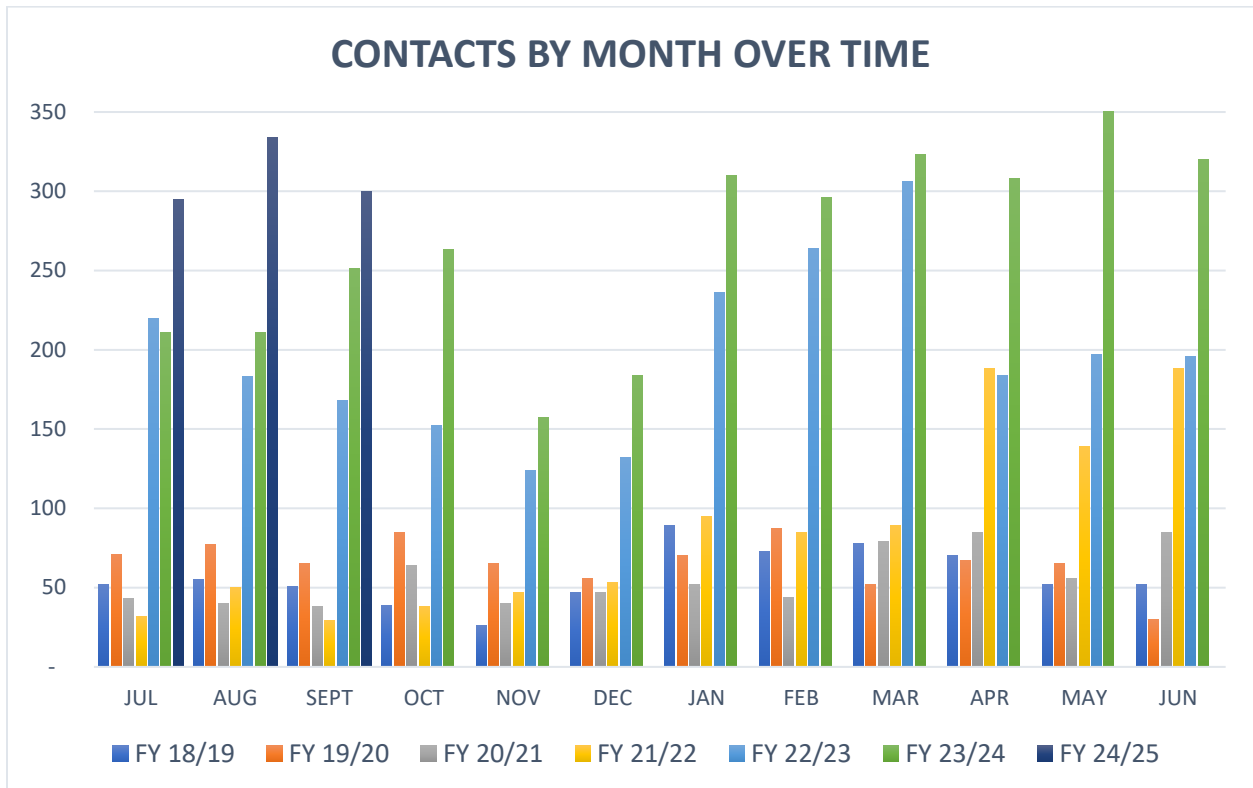
| <b>Contacts Handled the Taxpayer Rights Advocate<br/>Handled by Month in FY 2023-24</b> |              |                    |
|-----------------------------------------------------------------------------------------|--------------|--------------------|
| <b>Year</b>                                                                             | <b>Month</b> | <b>Count Total</b> |
| 2023                                                                                    | July         | 211                |
|                                                                                         | August       | 211                |
|                                                                                         | September    | 251                |
|                                                                                         | October      | 263                |
|                                                                                         | November     | 157                |
|                                                                                         | December     | 184                |
| 2024                                                                                    | January      | 310                |
|                                                                                         | February     | 296                |
|                                                                                         | March        | 323                |
|                                                                                         | April        | 308                |
|                                                                                         | May          | 352                |
|                                                                                         | June         | 320                |
|                                                                                         |              | <b>3,186</b>       |

The Office has also analyzed contact data by the total number of contacts received by month for FY 2018-19 through FY 2022-23, along with July, August, and September for FY 2023-24. Table 14 and Chart 14 represent these contacts. November and December for each fiscal year show the lowest number of contacts. The information; however, shows a steady increase in the number of contacts for all months and a substantial increase in the number of contacts starting in FY 2021-22 and continuing throughout FY 2023-24. Looking at the first 3 months of FY 2024-25, we see the continuation of this trend.

**TABLE 14**

| Contacts by Month Over Time |            |            |            |              |              |              |            |
|-----------------------------|------------|------------|------------|--------------|--------------|--------------|------------|
| Month                       | FY 2018-19 | FY 2019-20 | FY 2020-21 | FY 2021-22   | FY 2022-23   | FY 2023-24   | FY 2024-25 |
| July                        | 52         | 71         | 43         | 32           | 220          | 211          | 295        |
| August                      | 55         | 77         | 40         | 50           | 183          | 211          | 334        |
| September                   | 51         | 65         | 38         | 29           | 168          | 251          | 300        |
| October                     | 39         | 85         | 64         | 38           | 152          | 263          |            |
| November                    | 26         | 65         | 40         | 47           | 124          | 157          |            |
| December                    | 47         | 56         | 47         | 53           | 132          | 184          |            |
| January                     | 89         | 70         | 52         | 95           | 236          | 310          |            |
| February                    | 73         | 87         | 44         | 85           | 264          | 296          |            |
| March                       | 78         | 52         | 79         | 89           | 306          | 323          |            |
| April                       | 70         | 67         | 85         | 188          | 184          | 308          |            |
| May                         | 52         | 65         | 56         | 139          | 197          | 352          |            |
| June                        | 52         | 30         | 85         | 188          | 196          | 320          |            |
| <b>Totals</b>               | <b>684</b> | <b>790</b> | <b>673</b> | <b>1,033</b> | <b>2,362</b> | <b>3,186</b> | <b>929</b> |

**CHART 14**



## **Section 5: Review of and Recommendations for the FY 2023-24 Legislative Issue**

The Advocate is not introducing any new legislative issues for this annual report.

## **Section 6: Review of and Recommendations for the FY 2022-23 Administrative Issues**

The annual report for FY 2022-23 identified four administrative issues as follows:

1. Taxpayers fail to file a timely protest in response to an audit assessment, and they have lost their protest rights.
2. Taxpayers' lack of knowledge of the Department's taxation process.
3. The Department's inability to produce a copy of an original document.
4. Taxpayers' lack of knowledge of Florida documentary stamp tax laws.

### **Administrative Issue 1: Taxpayers fail to file a timely protest in response to an audit assessment, and they have lost their protest rights.**

This issue was introduced in FY 2017-18 and continued through FY 2023-24.

Issue: This is generally an issue for taxpayers who have been audited by the Department, received a *Notice of Proposed Assessment* (NOPA), and failed to submit a timely protest. The taxpayer loses their protest rights, and the proposed assessment becomes a final assessment. The case moves to the Department's collections process, where it is assigned to a collector to collect the tax amount due along with interest, penalty, and administrative collection processing (ACP) fees.

Recommendation from the FY 2022-23 Annual Report: The Advocate supported a legislative concept that would allow the Department to reopen a final assessment or refund denial for purposes of settling or compromising a tax liability or refund denial and recommended the Department continue efforts to improve its post-audit review process.

Discussion: Taxpayers who have lost their protest rights provide many reasons why they did not file a timely protest. These include: the taxpayer or a member of their family or their representative was sick; there was a death in the taxpayer's family or a death of their representative; their representative failed to act on their behalf; they experienced a loss of their business and/or records due to a storm/hurricane; or simply forgetting while trying to run their business.

When a taxpayer contacts the Office after losing their protest rights, the Office reviews the taxpayer's audit to see if there are any due process issues that might help the taxpayer, such as the original notice was sent to the wrong address and the taxpayer was not properly notified. In cases where the Office discovers a possible due process issue, the case is sent to a senior program administrator in the Department's Resource Management process for further review who will either confirm or reject the Office's findings. Due process cases which are confirmed are forwarded to the Department's Informal Dispute Resolution (IDR) section, formerly part of Technical Assistance and Dispute Resolution (TADR), where the taxpayer's case is accepted, and

their protest rights reinstated. However, if the Office cannot find some due process issue, or the Department rejects the Office's preliminary findings, the assessment is final and neither the Department nor the Advocate has the statutory authority to reopen the audit.

During this past fiscal year, the Office received 182 contacts from taxpayers who had lost their audit appeal rights and requested assistance. Working with the Department we found 24 due process issue cases where the Department granted the taxpayer with their original protest rights. Although the Office was able to help some taxpayers, many were left with no appeal rights, and some lost their appeal rights through no fault of their own.

Recognizing that taxpayers experience life events beyond their control that contribute to their failure to file a timely protest led the Department to propose a legislative concept during the 2022 legislative session to help these taxpayers. However, the legislation did not become law. (See s. 15 of CS/CS HB 1041 and s. 14 of CS/CS SB 1382). Similar legislation was not introduced during the 2023 legislative session. During the 2024 legislative session, the Department reintroduced this same legislative concept in HB 7073, which did become law by amending s. 213.21, F.S., adding new subsection 11. (See s. 34 of chapter 2024-158, L.O.F.). The new law was approved by the Governor on May 7, 2024, effective on July 1, 2024. The new law provides the following:

Section 213.21 Informal conferences; compromises.—

(11)(a) The department may consider a request to settle or compromise any tax, interest, penalty, or other liability under this section after the time to challenge an assessment or a denial of a refund under s. 72.011 has expired if the taxpayer demonstrates that the failure to initiate a timely challenge was due to any of the following:

1. The death or life-threatening injury or illness of:
  - a. The taxpayer;
  - b. An immediate family member of the taxpayer; or
  - c. An individual with substantial responsibility for the management or control of the taxpayer.
2. An act of war or terrorism.
3. A natural disaster, fire, or other catastrophic loss.

(b) The department may not consider a request received more than 180 days after the time has expired for contesting it under s. 72.011.

(c) Any decision by the department regarding a taxpayer's request to compromise or settle a liability under this subsection is not subject to review under chapter 120.

The new law allows the Department to settle or compromise tax, interest, penalty, and other liabilities or a refund denial after the taxpayer has lost their protest rights. However, the Department will not be allowed to consider a request under this new law if a request is received

more than 180 days after the taxpayer's protest rights have expired. If the Department accepts the taxpayer's request, its decision will be final.

This administrative recommendation also mentioned the Department should continue efforts to improve its post-audit review process. This is a process spearheaded by the creation of the Post Audit Review Oversight Team which serves as a quality control process for both procedural issues and substantive issues arising from the Department's enforced compliance process. The purpose of the team is to ensure the legal and consistent handling of assessments or refunds by monitoring cases that are protested and to communicate quality control enhancement measures throughout the enforced compliance process. The team currently meets on a weekly basis. The Advocate is a member of and fully supports continuation of this team.

Through June 30, 2024, the Team has reviewed a total of 882 individual cases.

Other efforts by the Department to improve the Post Audit Review Process include:

- The Department's compliance standards sub-process is sending NOPAs, when requested, by email when the taxpayer or their representative provides email addresses, unless the NOPA is based on federal tax information (FTI). Once FTI can be identified and excluded programmatically, NOPAs will go out via email automatically.
- The Department's Office of the General Counsel has hired a legal liaison to serve as a point of contact for post-audit reviews, including post-NOPA revisions when appropriate.
- The Department has implemented a pilot project to encourage taxpayers to provide records during the audit process to reduce the number of audit assessments that are based on an estimate.
- The Department is continuing efforts to review and revise all audit notices sent to taxpayers for clarity and to provide relevant information and resources to help taxpayers understand their responsibilities and deadlines during the audit process.

Advocate's Recommendation for FY 2023/24: The new law that grants taxpayers additional appeal rights is a major win for taxpayers and the Department. This action, along with efforts by the Post-Audit Review Team and Process, is a major step in helping to address post-audit issues, and the Advocate is extremely satisfied with the new law and the Department's efforts. The Advocate is closing this administrative issue.

**Administrative Issue 2: Taxpayer's lack of knowledge of the Department's taxation process.**

This issue was introduced in FY 2017-18 and continued through FY 2023-24.

Issue: Taxpayers often lack knowledge of the taxation process and the consequences of not meeting deadlines, not responding to notices, and not taking responsive actions during the taxation process.

Recommendation from the FY 2022-23 Annual Report: The annual report's recommendation for this issue was for the Department to continue efforts to educate taxpayers on the taxation process. Some recommendations included:

- Each notice sent to a taxpayer should include contact information for a Department employee who is knowledgeable about the tax and the notice.
- Each notice should also include information about the potential consequences the taxpayer could face if they do not respond or if they fail to meet a deadline.

Discussion: Effective June 26, 2024, the Department completed its initiative to modernize methods of communication that included a review of all audit and collection notices. Department collections letters have been updated to include appropriate contact information. System-generated notices that are sent to thousands of taxpayers will continue to be issued without referencing a specific collector but will instead reference the specific service center's contact information. Sales and use tax, communications services tax, and reemployment tax audit letters have been revised to include the auditor's name and contact information where appropriate.

The Department's reemployment tax Treasury Offset Program (TOP) initiative is ongoing, and letters will not be issued until that project is completed (tentatively scheduled in April 2025). However, review/creation of the system-generated TOP notices is complete. These are system-generated notices that will include the specific service center contact information.

As noted in last year's annual report, the Department had already made many updates, including the renaming audit and collection forms, notices, letters, and other common letters that are sent to taxpayers during an audit or a collections process. Highlighting these efforts was an emphasis for clarity and providing important information, such as due dates, consequences for not meeting a deadline, and printed links to the Department's "What to Expect from a Florida Tax Audit" webpage. This page also has a link to the Florida Taxpayer Bill of Rights. The Department has also adopted a periodic review of all its notices and letters.

Advocate's Recommendation for FY 2023-24: The Advocate acknowledges the efforts the Department has made in response to this administrative issue. The Department has met the issues the Advocate has asked the Department to review. The Advocate is closing this administrative issue.

**Administrative Issue 3: The Department's inability to produce a copy of an original document.**

This issue was introduced in FY 2017-18 and will continue through FY 2023-24.

Issue: When a taxpayer asks the Department to resend or reproduce a copy of an original notice of delinquency; billing; or other notice of tax, interest, or penalty due with the original notice date, the Department's computer system is unable to reproduce the original document.

Recommendation from the FY 2022-23 Annual Report: The annual report acknowledged the high volume of notices sent to taxpayers every year and supported the Department considering this issue as a strategic agency information technology (IT) project. The annual report recommended the Department move the issue from a departmental consideration to implementation.

Discussion: Although the Department agrees this is an important issue, the status of the implementation has been delayed. The Department has created a way in most cases to produce correspondence that replicates the contents of an original notice and can reference the original mailing date. However, the Advocate believes this is a workaround and continues to support the Department's efforts to produce a copy of an original notice.

Advocate's Recommendation for FY 2023-24: The Advocate believes this is an important issue for taxpayers and supports the Department's efforts. The Advocate will continue to monitor this administrative issue.

#### **Administrative Issue 4: Taxpayers' lack of knowledge of Florida documentary stamp tax laws.**

This issue was introduced in FY 2017-18 and continued through FY 2023-24.

Issue: Taxpayers may not be aware that certain documents involving the transfer of real property in Florida are subject to documentary stamp tax.

Recommendation from the FY 2022-23 Annual Report: The Department should expand efforts to educate the clerks of the court staff, lenders, and those involved in real estate closings about documentary stamp tax. As part of this recommendation, the Advocate was following efforts by the Department to create two new tax tutorials. The first tutorial would be intended for use by the Florida Court Clerks and Comptrollers Association as part of their internal learning management system. Every county in Florida has an office that documents recorded mortgages and notes. In some counties it is the clerk of the court. In other counties it is the comptroller. The Advocate believes an internal educational video would be helpful for court clerk and comptroller employees to assist the public in paying the correct amount of documentary stamp tax at the time the mortgage or note is recorded.

The second tutorial would be intended for the public and posted on the Department's website.

Discussion: Two senior level Department employees who are experts in documentary stamp tax law gave a presentation to the Florida Court Clerks and Comptrollers Association during their 2022 New Clerk Academy. The presentation was recorded and is used as a documentary stamp tax training aid for court clerk and comptroller employees.

The second tutorial is intended for public use and has been posted to the Department's website at <https://floridarevenue.com/taxes/tutorial/docstamp/story.html>.

The Department also updated its documentary stamp tax webpage last fiscal year with additional information and examples to help the public understand how documentary stamp tax is imposed on documents such as deeds, bonds, notes, and other written obligations to pay money, mortgages, liens, and other evidence of indebtedness. This information is available at [https://floridarevenue.com/taxes/taxesfees/Pages/doc\\_stamp.aspx](https://floridarevenue.com/taxes/taxesfees/Pages/doc_stamp.aspx).

The Office received 49 documentary stamp tax contacts this fiscal year, which is about 1.5% of the total contacts received for the year. Documentary stamp tax contacts for the last few years are as follows:

- 35 for FY 2018-19
- 49 for FY 2019-20
- 23 for FY 2020-21
- 16 for FY 2021-22
- 50 for FY 2022-23
- 49 for FY 2023-24

Documentary stamp tax contacts over the six-year period total 222 contacts, which represents about 3 percent of the total Office contacts.

Our analysis of the 49 contacts for this fiscal year indicates the Office did not receive any complaints from taxpayers claiming they did not know about the tax. As with last fiscal year most of the contacts the Office received were for questions about how the tax is calculated and requests to have the penalty and interest compromised resulting from a doc stamp audit.

Advocate's Recommendation for FY 2023-24: The Advocate is pleased the Florida Court Clerks and Comptrollers Association is using the Department's 2022 presentation as part of their learning management system. The Advocate is also pleased the Department has posted a tutorial for the public. The Advocate is closing this administrative issue.

## **Section 7: New Administrative Issue**

### **New Administrative Issue 1: Taxpayers should have an online option for filing an informal protest and a formal protest.**

This is a new administrative issue.

Issue: Taxpayers seeking to file an informal protest or a formal protest in response to a NOPA, a collections assessment, a refund denial, a *Notice of Decision*, or a *Notice of Reconsideration*, can submit their protest by US mail, email, or by fax with IDR for an informal protest or a formal protest with the Office of the General Counsel. The Advocate supports the Department's efforts to provide taxpayers with an online method for filing an informal protest or a formal protest as a courtesy to the public for efficiency and best practice.

Discussion: Filing an informal protest and a formal protest can be a challenge for many people and especially for those that wish to represent themselves. The Office knows this first-hand as we receive contacts from taxpayers who ask the Office for guidance and assistance. The Office provides taxpayers with *How to Pay Your Assessment and Notice of Taxpayer Rights* (Form GT-80004), which is available on the Department's website at [https://floridarevenue.com/Forms\\_library/current/gt800004.pdf](https://floridarevenue.com/Forms_library/current/gt800004.pdf).

Taxpayers also call the Office wishing to confirm IDR received their informal protest or formal protest. An online filing option that provides a template with instructions and examples for certain information and a confirmation email with the receipt date and time would be very helpful for these taxpayers.

Advocate's Recommendation for FY 2023-24: The Advocate supports the Department's efforts to provide taxpayers an online method for filing an informal protest with IDR or a formal protest with the Office of the General Counsel.

**Summary of the Advocate's Recommendations for the Administrative Issues for FY 2023-24:**

Chart 14 summarizes the annual report's recommendations for the administrative issues addressed above. Three of the four administrative issues will be closed as having been satisfactorily addressed by the Department. The Advocate will continue to monitor one of the administrative issues from FY 2023-24. The Advocate is introducing one new administrative issue for FY 2024-25.

**CHART 14**

| Summary of the Advocate's Recommendations<br>Administrative Issues for FY 2022-23 |                                                                                                                     |               |
|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|---------------|
| Issue type                                                                        | Details                                                                                                             | Actions taken |
| <b>Administrative Issue 1</b>                                                     | Taxpayers fail to file a timely protest in response to an audit assessment, and they have lost their appeal rights. | Closed        |
| <b>Administrative Issue 2</b>                                                     | Taxpayers' lack of knowledge of the Department's taxation process                                                   | Closed        |
| <b>Administrative Issue 3</b>                                                     | Department's inability to produce a copy of an original document                                                    | Continued     |
| <b>Administrative Issue 4</b>                                                     | Taxpayers' lack of knowledge of Florida documentary stamp tax laws                                                  | Closed        |
| <b>New Administrative Issue 1</b>                                                 | <b>Taxpayers should have an online option for filing an informal protest or a formal protest.</b>                   | New           |

## **Section 8: Other Advocate Activities and Observations**

Post-Audit Review Oversight Team: During FY 2021-22, the Advocate was asked by the Department's Executive Director to serve as a member of the post-audit review oversight team with the Department's general counsel and the Department's tax law administration oversight process owner. The purpose of this team is to serve as a quality control process for both procedural issues and substantive issues arising from the Department's enforced compliance process with particular emphasis on matters occurring after the Department issues a *Notice of Proposed Assessment* following an audit. The team's work focuses on these areas, including review of *Notices of Decision*, *Notices of Reconsideration*, and *Closing/Settlement Memorandum*; review of case inventory and backlogs; and a review of unique cases and tax issues that require heightened attention to ensure the Department's treatment is consistent and in accordance with the law. The Advocate continues to serve on this team.

### **Taxpayers were not receiving an explanation for a denial of their request for a penalty compromise.**

During the first few months of the fiscal year (August – November 2023), taxpayers were contacting the Office complaining that Department collections staff were not telling them why their request for a penalty compromise was denied. The Office collaborated with the Department's collections management about this issue. Collections managers followed up with the appropriate collections staff to address the issue. In early 2024, the Office stopped receiving complaints from taxpayers about this issue. The Advocate believes this is a good example of the Office working with the Department on an important issue to taxpayers.

National Center for Taxpayer Rights: The Advocate plans to continue its relationship with the National Center for Taxpayer Rights in Washington D.C.

## **Section 9: Advocate Initiatives for FY 2024-25**

Enhance the Advocate's tracking system: The existing Taxpayers' Rights Advocate Tracking System (TRATS) was developed and placed in service on July 1, 2018, to capture all incoming contacts to the Office. This tracking system captures the contact's name, business partner number, and other identifying numbers; the reason for the contact; and the case referral information, if applicable. The system, however, does not have a simple way to capture and track case resolution, especially in cases in which the Office refers a case to the Department's collections process. The Office continues to make enhancements to TRATS to capture case resolution information for reporting and management purposes and to see if there are other opportunities for improvement.

Continue analyzing contact data: The Advocate understands there is value in continuing the analysis of all contacts to see if there are trends from one year to the next. The Advocate plans to continue reporting on this analysis in the next annual report. The Advocate also plans to meet with Department representatives to analyze the data and look for opportunities that might be beneficial to taxpayers.

## **Section 10: Department of Revenue Response**