

1 based on voluntary compliance and he cannot be compelled to either report or pay tax. He further
2 contends that the IRS and the Department needed but did not receive his permission to review and share,
3 information related to his taxes.²

4 Arizona requires its residents to pay income tax on income from worldwide sources. In addition,
5 individuals have the primary responsibility to keep records, complete their tax returns, determine the
6 amount of tax due and remit tax payments. As recognized by the United States Supreme Court, a state
7 has the authority to tax all the income of its residents. See *Oklahoma Tax Comm'n v. Chickasaw Nation*,
8 515 U.S. 450, 463 (1995). The State of Arizona's authority to levy and collect taxes is granted to the
9 State legislature under the Arizona Constitution. Ariz. Const. art. IX, § 12. Consequently, the legislature
10 has enacted the laws found in Titles 42 and 43 of the Arizona Revised Statutes and has granted the
11 Department the powers and duties to enforce them. AR.S. § 42-1004.

12 The law provides that "There shall be levied, collected and paid for each taxable year upon the
13 taxable income of every resident of this state. . . taxes." AR.S. § 43-1011. Under the powers and duties
14 granted to enforce this law, the Department may examine the books, papers, and records relating to a
15 person failing to file a return in order to determine the correct amount of tax due. See AR.S. §§ 42-1108
16 and 1109. Federal law authorizes such information to be exchanged between the IRS and the
17 Department. 26 U.S.C. § 6103(D).

18 Appellant has not shown that the Department's assessment is in error; therefore, he is liable for
19 the tax at issue. Further, because Appellant has not shown that his failure to file a return and pay taxes
20 for tax year 1999 was due to reasonable cause and not willful neglect, the penalties imposed may not be
21 abated. A.R.S. § 42-1125(A) and (D). Finally, the interest imposed represents a reasonable interest rate
22

23
24 ² Appellant also argues that he has been unconstitutionally deprived of property by the Department through wage garnishment and property liens.
25 However, this claim is related to tax years 1996 through 1998, which are not before this board.

1 on the tax due and owing and is made part of the tax by statute; therefore, it may not be abated. *Biles v.*
2 *Robey*, 43 Ariz. 276, 30 P.2d 841 (1934).

3 CONCLUSIONS OF LAW

4 1. The assessment is valid; therefore, Appellant is liable for the tax assessed. See *Arizona Tax*
5 *Commission v. Kieckhefer*, 67 Ariz. 102, 191 P.2d 729 (1948).

6 2. Because Appellant has not shown that his failure to timely file a return and pay tax at issue was
7 due to reasonable cause and not willful neglect, the penalties imposed may not be abated. A.R.S. 42-
8 1125(A) and (D).

9 3. The interest imposed represents a reasonable interest rate on the tax due and owing and is
10 made part of the tax by statute; therefore, it may not be abated. *Biles v. Robey*, 43 Ariz. 276, 30 P.2d
11 841 (1934).

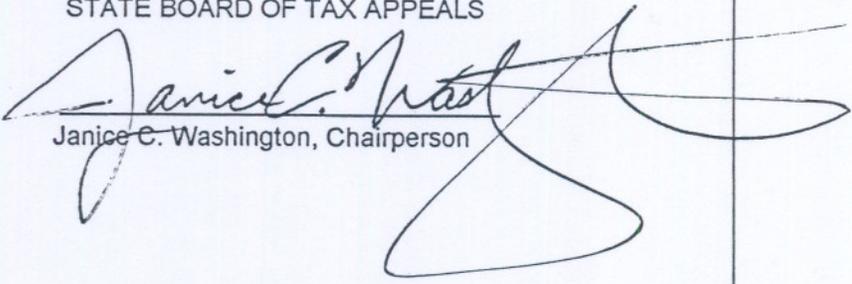
12 ORDER

13 THEREFORE, IT IS HEREBY ORDERED that the appeal is denied, and the final order of the
14 Department is affirmed.

15 This decision becomes final upon the expiration of thirty (30) days from receipt by the taxpayer,
16 unless either the State or taxpayer brings an action in superior court as provided in A.R.S. § 42-1254.

17 DATED this 19th day of October, 2006.

18 STATE BOARD OF TAX APPEALS

19 
20 Janice C. Washington, Chairperson

21 JCW:ALW

22 CERTIFIED

23 Copies of the foregoing
24 Mailed or delivered to:

25 Lawrence Childers
1725 E. St. Charles Ave.
Phoenix, Arizona 85042