



*Working together since 1967 to preserve federalism and tax fairness*

## **Policy Statement 02-2011**

### **Policy Statement in Support of Maintaining the Integrity of State Tax Appeals Systems**

The equal treatment of all taxpayers is fundamentally served by having all taxpayers in a jurisdiction subject to the same appeals processes. Congress recognized this basic requirement for equal treatment with the enactment of the Tax Injunction Act, which requires—so long as States meet standards for adequate remedies—all state and local taxpayers to appeal assessments through state appeals bodies and courts as opposed to the federal courts. Moreover, the U.S. Constitution, especially through the Foreign and Interstate Commerce, Due Process and Equal Protection Clauses, as well as the the equal protection and uniform tax provisions of numerous state constitutions guarantee all taxpayers—foreign and domestic—equal, non-discriminatory treatment in State and local taxation.

In the past, the U.S. government has negotiated and may continue to negotiate a variety of international agreements that seek to establish special international dispute processes that allow private parties from other nations the right to challenge State and local laws through special international procedures separate from the United States judicial system. And Congress has enacted legislation that permits certain taxpayers to challenge State and local tax assessments in federal court where there is a plain, speedy and adequate remedy available at State law. Congress has considered legislation that would allow certain taxpayers to challenge State and local tax assessments directly by appeal to a Federal agency in a quasi-judicial proceeding.

Establishing a separate and exclusive appeals process for certain taxpayers and not others will undermine the principle of equal treatment of all taxpayers. The Multistate Tax Commission supports the maintenance of appeals procedures for State and local taxes that ensure equal treatment of all taxpayers, foreign and domestic. The Multistate Tax Commission also supports exempting State and local tax laws from existing special international or federal dispute procedures that permit private parties to challenge directly State or local tax laws through an international tribunal, federal court or federal agency without first exhausting State remedies. Finally, the Multistate Tax Commission opposes the establishment of new federal or international appeals procedures, established through either legislation or regulation, that

undermine the integrity of State and local tax appeals processes by allowing some taxpayers access to special appeals procedures unavailable to all taxpayers.

*This Policy Statement will expire at the Multistate Tax Commission Annual Business Meeting in 2016.*