



DEPARTMENT OF FINANCE AUDIT DIVISION

May 19, 2004

POLICY AND PROCEDURES

PROCESSING OF REFUND CLAIMS

Whenever an audit case is being closed as unagreed, any partial or complete denial of a refund claim by the auditor must be shown on a Notice of Disallowance. The Notice of Disallowance must also be mailed out to the taxpayer and become part of the case folder. Such Notice must indicate the basis for the denial in full or partial reduction of the refund claim. This notice is in addition to any Notice of Determination issued for the audit period.

If a case is being closed with a Consent and Waiver and Consent Determination any partial or complete denial of a refund claim by the auditor must be fully described on the Consent and Waiver and on the Consent Determination on page two of each Notice. No additional Notice of Disallowance should be sent, however, prior to sending the taxpayer the Consent and Waiver a written explanation of the denial or partial denial of the refund must be mailed to the taxpayer and become part of the case file.