



THE STATE
of **ALASKA**
GOVERNOR MICHAEL J. DUNLEAVY

Department of Revenue

TAX DIVISION

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January 16, 2019

The Honorable Bert Stedman and Natasha von Imhof
Co-Chairs, Senate Finance Committee
State Capitol Rooms 30 and 514
Juneau AK 99801

Dear Senators Steadman and von Imhof:

The purpose of this letter is to provide updated information related to the Oil and Gas Production Tax (OGP) Audits. These documents were originally the result from a special audit by the Division of Legislative Audit (DLA) but we are continuing to update these useful documents for internal and external reporting purposes.

We have completed the OGP Audits for 2011 and 2012 tax years. We are working towards completion of the 2013 Audits by the end of first quarter 2019. Attached are the Annual Audit Assessment Memos for tax years 2011 and 2012.

There are also a series of tables that have been updated with the most current information through last week. These tables include annual information for tax returns, audits, assessments, appeals, filings and credit information.

If you or the Committee have questions related to these documents, I would be more than happy to discuss in more detail with you.

Sincerely,

A handwritten signature in blue ink that reads "Colleen M. Glover".

Colleen M. Glover
Tax Division Director

Attachments:

- I. 2011 Audit Assessment Memo
- II. 2012 Audit Assessment Memo
- III. OGP Tax Tables – Audits, Assessments, Appeals & Credits

MEMORANDUM

State of Alaska
DEPARTMENT OF REVENUE
Tax Division
Phone: (907) 269-6620
FAX: (907) 269-6644

DATE: April 10, 2018
TO: Ken Alper
Director, Tax Division
FROM: Jenny L. Rogers
Audit Master, Tax Division
SUBJECT: 2011 Audit Assessments

The audits of the 2011 oil and gas production tax returns are complete. Audit assessments were issued prior to the expiration of the statute of limitations as provided for in AS 43.55.075. The oil and gas production tax group performed audits of fifteen tax returns during the year: thirteen audits of 2011 returns; one audit of a retroactively filed return (2006); and one 2014 production tax return audit. The audits resulted in additional assessments totaling \$275,176,415:

Production Tax Assessed under AS 43.55.011(e) & (i)	\$184,997,627
Interest Assessed under AS 43.55.020(g)	<u>7,116,192</u>
Total Production Tax Assessed	192,113,819
Interest Assessed under AS 43.05	<u>83,063,144</u>
Total Production Tax and Interest Assessed	<u>275,176,963</u>
Conservation Surcharges Assessed under AS 43.55.201	202
Conservation Surcharges Assessed under AS 43.55.300	<u>(1,347)</u>
Total Conservation Surcharges Assessed	(1,145)
Interest Assessed under AS 43.05	<u>597</u>
Total Conservation Surcharges & Interest Assessed	<u>(548)</u>
Total Assessments (Tax, Conservation Surcharges & Interest)	<u>\$275,176,415</u>

Thirteen requests for Alternative Tax Credit under AS 43.55.025 were audited and adjusted in the amount of \$10,355,125. Sixty-six tax credits certificate applications

were reviewed as required by AS 43.55.023 (credits for certain losses and expenditures). Those applications were adjusted in the amount of \$38,050,355. The 023 and 025 credit certificate adjustments are not included in the total above.

The 2012 and 2013 audits were opened simultaneously in early 2017. The 2012 audits are on track to be completed by September 2018, with the 2013 audits to be complete by the end of 2018. The 2012 and 2013 tax returns are in non-standard Excel format and are the last of the “converted” period audits.

Auditing periods prior to 2014 is more time consuming because the auditors manually enter high level tax return information in TRMS, conduct the audits, and then post the results in the system. I anticipate greater efficiency for the group in conducting tax return audits from 2014 forward. Work on the 2014 and 2015 return audits will begin when the 2013 audits are in final stages of internal review (late 2018).

In 2017, the Legislature enacted amendments to the production tax with the passage of HB 111. The bill made changes to interest rates charged on delinquent taxes levied under AS 43.55, allowed for purchased credit certificates to be “carried back” to prior years, ceased the purchase of tax credit certificates under AS 43.55.028, established provisions for carrying-forward lease expenditures, and made other changes to aspects of the production tax.

In addition to the group’s regular audit duties, the audit staff assisted in writing regulations to implement the statutory changes resulting from HB 111. Changes to the law also required revisions to the tax revenue management system (TRMS). The audit staff actively participated in that effort throughout the year: writing solution requests, testing the solutions in the “lower” test environments, and verifying that the solutions work as they should in production. Some of that testing is ongoing.

TRMS has changed the way we perform our work, how taxpayers conduct business with the Tax Division, and has improved this group’s overall efficiency. We now have a system that facilitates reporting information that was simply unavailable four years ago. Through Revenue Online, taxpayers are able to view account balances, submit monthly reports and other required information, submit data to the Economic Research Group, and file appeals.

MEMORANDUM

State of Alaska


DEPARTMENT OF REVENUE

Tax Division

Phone: (907) 269-6620

FAX: (907) 269-6644

DATE: January 14, 2019

TO: Colleen Glover 
Director, Tax Division

FROM: Destin Greeley
OGP Audit Supervisor, Tax Division

SUBJECT: 2012 Audit Assessments

The audits of the 2012 oil and gas production tax returns are complete. Audit assessments were issued prior to the expiration of the statute of limitations as provided for in AS 43.55.075. The oil and gas production tax group performed audits of ten tax returns during the year: eight audits of 2012 returns; one audit of a retroactively filed return (2010); and one 2013 audit. Additionally, six audits of AS 43.55.023 credits were posted. The audits resulted in additional assessments totaling \$254,986,783:

Production Tax Assessed under AS 43.55.011	\$ 164,030,992
Interest Assessed under AS 43.55.020(g)	<u>5,851,946</u>
Total Production Tax Assessed	169,882,938
Interest Assessed under AS 43.05 through date of audit	<u>66,592,711</u>
Total Production Tax & Interest Assessed	<u>236,475,649</u>
 Surcharges Assessed under AS 43.55.200 and 301	 (2,915)
 Adjustments for AS 43.55.023 Audits	 18,514,049
 Total Assessed	 <u>\$ 254,986,783</u>

Nine requests for Alternative Tax Credit under AS 43.55.025 in the amount of \$102,770,110 were audited; adjusted in the amount of \$12,235,112; and 12 certificates issued in the amount of \$90,534,998. Thirty-five tax credits certificate applications

were reviewed as required by AS 43.55.023 (credits for certain losses and expenditures). Those applications were adjusted in the amount of \$21,338,028. The 023 and 025 credit certificate adjustments are not included in the total above.

The 2012 and 2013 audits were opened simultaneously in early 2017. The 2012 audits were issued by November 30, 2018, and the 2013 audits are on track to be issued by March 31, 2019. The 2012 and 2013 tax returns are in non-standard Excel format and are the last of the “converted” period audits.

Auditing periods prior to 2014 is more time consuming because the auditors manually enter high level tax return information in TRMS, conduct the audits, and then post the results in the system. I anticipate greater efficiency for the group in conducting tax return audits from 2014 forward. Work on the 2014 audits is planned to begin when the 2013 audits are in final stages of internal review (1st quarter of 2019).

In addition to the group’s regular audit duties, the audit staff assisted updating the tax revenue management system (TRMS). The audit staff actively participated in that effort throughout the year: writing solution requests, testing the solutions in the “lower” test environments, and verifying that the solutions work as they should in production. Some of that testing is ongoing.

TRMS has changed the way we perform our work, how taxpayers conduct business with the Tax Division, and has improved this group’s overall efficiency. We now have a system that facilitates reporting information that was simply unavailable four years ago. Through Revenue Online, taxpayers are able to view account balances, submit monthly reports and other required information, submit data to the Economic Research Group, and file appeals.

1. In the table below, please provide the **dollar amount** of tax return audit assessments. The assessments should be presented by tax year and should be categorized by account (columns C-F) and by payment status (columns G-J). The total assessments in columns F and J should equal. If additional categories that comprise the total (accounts or payment status) exist, please add them as extra columns.

Updated 1/9/2019

Table 1 Tax Return Revenues and Audit Assessments for Tax Years 2006 through 2018												
Amount of Taxes Assessed by Account									Amount of Taxes Assessed by Payment Status			
(A)	(B)	(Added by DOR)	(Added by DOR)	(Added by DOR)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
Tax Year	Tax Revenue Filed by All Taxpayers	Tax Revenue Audited	Additional Tax Assessed	Installment Interest Increase	Tax Due	Interest	Penalty	Totals [C+D+E]	Paid Under protest	Paid Final (after settlement or not appealed)	Not Paid	Totals [G+H+I]
2006	\$ 2,001,815,419	\$ 1,896,292,691	\$ 60,270,499	\$ -	\$ 60,270,499	\$ 31,123,893	\$ -	\$ 91,394,392	\$ 35,922,401	\$ 27,952,742	\$ 1,067,616	\$ 64,942,759
2007	3,476,535,942	3,476,535,942	200,329,234	-	200,329,234	187,161,624	-	387,490,858	75,391,076	167,376,312	9,153,545	251,920,933
2008	7,132,582,848	7,132,582,848	145,491,245	-	145,491,245	112,884,120	-	258,375,365	-	94,382,258	176,975,696	271,357,954
2009	2,034,600,383	2,020,134,580	78,478,727	3,838,197	82,316,924	48,259,887	-	130,576,811	-	53,541,613	20,895,311	74,436,924
2010	3,106,786,385	3,078,326,487	122,936,257	5,816,505	128,752,762	60,677,441	-	189,430,203	-	52,425,799	119,083,281	171,509,080
2011	6,109,993,110	6,114,627,023	176,064,100	7,069,000	183,133,100	79,981,280	-	263,114,380	-	10,865,388	238,050,710	248,916,098
2012	5,281,334,943	5,281,334,943	163,870,907	5,851,917	169,722,824	84,133,179	-	253,856,003	-	-	229,053,986	229,053,986
2013	3,461,578,753	3,461,578,753	-	-	-	-	-	-	-	-	-	-
2014	1,464,670,641	-	-	-	-	-	-	-	-	-	-	-
2015	238,178,375	-	-	-	-	-	-	-	-	-	-	-
2016	198,953,064	-	-	-	-	-	-	-	-	-	-	-
2017	283,413,796	-	-	-	-	-	-	-	-	-	-	-
2018	799,435,882	-	-	-	-	-	-	-	-	-	-	-

TABLE 1 NOTES

Column (A)	Tax Year is the year for which tax returns were filed (calendar year).
Column (B)	Total Oil and Gas Production Taxes as filed (reported) under AS 43.55.011 for each calendar year. The 2018 annual returns are due on March 31, 2019. The amount of tax for 2018 is an estimate based on installment payments remitted for 2018 as of January 3, 2019. This amount includes payments and refunds for retroactive amendments due to the FERC re-filings and other amended returns.
(Added by DOR)	"Tax Revenue Audited" is the amount of Production Taxes subject to audit for that calendar year. The amount for 2013 includes audits that are nearly complete and will be issued by March 31, 2019.
(Added by DOR)	"Additional Tax Assessed" is the amount of additional production taxes assessed under AS 43.55.011 for each year.
(Added by DOR)	"Installment Interest Increase" is the amount of additional interest assessed under AS 43.55.020(g) for each year. For the purposes of AS 43.05, this interest is treated as an addition to tax after March 31 of the year in which the tax is due. These amounts were not consistently reported or captured until the implementation of the system (2014 annual return).
Column (C)	This is the sum of "Additional Tax Assessed" and "Installment Interest Increase".
Column (D)	This is the amount of interest assessed under AS 43.05.
Column (E)	In any year there is not enough data to report under the provisions of AS 43.55.890. There have been taxpayers assessed penalties for failing to file returns.
Column (F)	The sum of tax, penalty and interest due - does not equal Column J.
Column (I)	This is the amount of tax and interest not yet paid on appealed audits that are still pending. These amounts are still in dispute and may not be paid if the taxpayer prevails on appeal.
Column (J)	Column F and Column J do not agree for the following reasons: a) Column F includes interest through the date of assessment or shortly thereafter, while column J includes interest through the date of payment or the current date if the appeal has not yet been resolved. b) Column I and Column J includes additional tax and interest that was assessed during the appeal process. Column F does not include these amounts. c) Column F includes tax and interest for audit issues that were subsequently dropped during the appeals process. Column J does not include tax and interest for issues that were dropped during the appeal process.

2. In the table below, please provide the **dollar amount** of tax assessments contested at each level of appeal as of December 15, 2017 (columns B-E), and the portion of that amount paid or not paid by taxpayers (columns F-H). The amounts in the column F should match to the column G in the table 1.

Updated 1/9/2019

Table 2 Tax Return Appeals for Tax Years 2006 through 2018												
Contested Amounts At Each Appeal Level									Contested Amounts Paid or Owed			
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)
Tax Year	Tax Assessed	Tax Appealed to Informal Conference	Tax Upheld at Informal Conference	Tax Currently Pending at Informal Conference	Tax Appealed to OAH	Tax Currently Pending at OAH	Total Taxes Currently Pending in IC and OAH [E+G]	Interest To 12/31/18 Due on Taxes Pending	Tax & Interest Paid	Pending Payments	Still Owed	Total Paid or Owed
2006	\$ 60,270,499	\$ 26,254,301	\$ 20,417,720	\$ -	\$ 11,158,363	\$ -	\$ -	\$ -	\$ 63,875,143	\$ 1,067,616	\$ -	\$ 64,942,759
2007	200,329,234	174,204,717	52,186,445	-	38,491,888	28,008,037	28,008,037	-	242,767,388	7,259,786	-	250,027,174
2008	145,491,245	134,401,975	32,908,651	80,264,912	10,674,670	-	80,264,912	93,401,175	94,382,258	3,309,609	173,666,087	271,357,954
2009	78,478,727	78,071,817	10,891,636	22,025,456	-	-	22,025,456	(2,197,761)	53,541,613	1,067,616	19,827,695	74,436,924
2010	122,936,257	120,266,546	-	84,538,765	-	-	84,538,765	29,740,276	52,425,799	4,804,270	114,279,011	171,509,080
2011	176,064,100	175,865,143	-	151,481,220	-	-	151,481,220	87,103,298	10,865,388	(533,808)	238,584,518	248,916,098
2012	163,870,907	169,590,253	-	162,837,461	-	-	162,837,461	65,148,909	-	1,067,616	227,986,370	229,053,986

TABLE 2 NOTES

Column (A)	Tax Year is the year for which tax returns were filed (calendar year).
Column (B)	This is the amount of additional production taxes assessed under AS 43.55.011 for each year. This amount includes installment interest assessed under AS 43.55.020(g). There is not enough data to report information for audits of 2013 through 2018 under the provisions of AS 43.55.890. The 2018 annual oil and gas production tax returns are due March 31, 2019.
Column (C)	This is the amount of additional production taxes assessed and appealed to the DOR Appeals Section in the DOR informal conference process. The 2012 tax assessments are shown as having been appealed to Informal Conference, since DOR anticipates that it will receive the appeal requests shortly. These assessments were largely issued in November 2018 and taxpayers have 60 days to appeal. However, it is possible that not all of these assessments will be appealed.
Column (D)	This is the amount of additional production taxes assessed, appealed and upheld by the DOR Appeals Section in the DOR informal conference process.
Column (E)	This amount is the additional production taxes assessed, appealed by taxpayers, and currently being considered by the DOR Appeals Section in the DOR informal conference process.
Column (F)	This is the amount of additional tax upheld by the DOR Appeals Section that taxpayers appealed to the next level: Office of Administrative Hearings (OAH).
Column (G)	This is the amount of additional tax pending decisions by the Office of Administrative Hearings (OAH). There are no cases currently pending beyond the OAH.
Column (H)	This is the total amount of additional tax that is pending at the Informal Conference and OAH levels.
Column (I)	This is the amount of additional interest (computed through December 31, 2018) that is owed on taxes pending. A credit balance indicates that payments have been made which reduce the total tax and interest owed to an amount that is less than the taxes currently pending.
Column (J)	This is the total amount of additional tax and interest that was paid on appealed audit assessments during the appeals process.
Column (K)	This is the total amount of additional tax and interest that will soon be made for appealed audit assessments that now have been settled.
Column (L)	This is the total amount of additional tax and interest that is owed on appealed audit assessments as of December 31, 2018.
Column (M)	This is the total amount of additional tax and interest that was paid or is owed on appealed audit assessments as of December 31, 2018.

3. In the table below, please provide the number of tax returns filed, audits completed, and assessments appealed at each level of appeal.

Updated 1/9/2019

Table 3 Number of Tax Returns Audited and Appealed											
Number of Tax Returns Filed by Audit Status								Number of Appeals by Level			
(A)	(Added by DOR)	(Added by DOR)	(Added by DOR)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Tax Year	Number of Tax Returns Filed	Number of Producers Filing Returns	Number of Producers Who Qualified for 024(c) credit	Tax Returns with Completed Audits	Tax Returns Not Audited	Awaiting Assessment	Tax Returns Filed by Producers [B+C+D]	DOR Appeals Section	Office of Administrative Hearings	Alaska Supreme Court	Total Number of Appeals [F+G+H]
2006	14	14	11	8	6	-	14	4	2	-	6
2007	17	15	12	12	3	-	15	4	2	-	6
2008	17	17	14	7	10	-	17	4	1	-	5
2009	17	17	14	10	7	-	17	5	-	-	5
2010	55	19	16	8	11	-	19	5	-	-	5
2011	58	21	18	10	11	-	21	5	-	-	5
2012	60	24	21	9	24	-	33	-	-	-	-
2013	60	25	22	2	20	5	27	-	-	-	-
2014	63	22	19	-	17	5	22	-	-	-	-
2015	58	24	21	-	19	5	24	-	-	-	-
2016	58	40	37	-	35	5	40	-	-	-	-
2017	57	42	29	-	37	5	42	-	-	-	-
2018	[see Note 1]										

TABLE 3 NOTES

Column (A)	Tax Year is the year for which tax returns were filed (calendar year).
(Added by DOR)	"Number of Tax Returns Filed" is the number of annual tax returns filed by taxpayers who produce oil & gas, pay tax on private landowner royalty (43.55.011(i)), and incur lease expenditures for credits under AS 43.55.
(Added by DOR)	"Number of Producers Filing Returns" is the number of returns filed by those who actually produced oil and gas.
(Added by DOR)	"Number of Producers Who Qualified for 024(c) Credit" is the number of producers who qualified for the "small producer" credit under AS 43.55.024(c). The credit reduced most taxpayers' production tax liability to zero. Some of these taxpayers were audited to confirm that conservation surcharges (43.55.201 and 300) and tax on private landowner royalty (AS 43.55.011(i)) were correctly filed and paid.
Column (B)	This is the number of tax return audits completed by calendar year.
Column (C)	This is the number of annual tax returns filed by producers that were not audited. Audits of explorers' returns are reflected in Tables 4 and 5. The return audits for 2012 through 2016 are not complete, so this is an estimate subject to change. It is possible that more returns will be audited, thereby reducing the number of "Tax Returns Not Audited."
Column (D)	This number for 2013 are audits that are currently open. The numbers of audits expected for 2014 through 2016 are estimates subject to change.
Column (E)	Changed the title of this column to reflect that it's the sum of annual production tax returns filed by producers. Explorers' returns are reflected in Tables 4 and 5.
Column (F)	This is the number of cases at the DOR Informal Conference level ("Appeals").
Column (G)	This is the number of cases before the Office of Administrative Hearings.
Note 1	Annual oil and gas production tax returns are due March 31, 2019.

4. In the table below, please provide the **dollar amount** and **number** of 023 and 025 credit audit assessments for tax years 2006 – 2013 (PPT/ACES) and 2014 – 2017 (SB 21).

Updated 1/11/2019

Table 4 023 and 025 Credit Audit Assessments for Tax Years 2006 – 2013 (PPT/ACES) and 2014 – 2018 (SB 21)									
	Amount of Credit Assessments				Number of Credit Assessments				
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
Tax Year	Tax Credit Disallowed	Interest	Total [B+C]	Amount of Total Credit Allowed in Appeal	Credit Audits Completed	Credit Audits Still to Be Completed and Issued	Credits Not Audited	Total Credits Filed [F+G+H]	Number of Credit Audits Appealed
2006	\$ 11,713,939	\$ -	\$ 11,713,939	\$ -	8	-	-	8	1
2007	28,993,346	-	28,993,346	4,889,934	18	-	-	18	6
2008	25,388,367	-	25,388,367	632,198	25	-	-	25	3
2009	45,023,915	-	45,023,915	5,921,914	15	-	-	15	7
2010	2,880,337	-	2,880,337	327,715	7	-	-	7	2
2011	10,943,654	-	10,943,654	(383,084)	10	-	-	10	3
2012	57,961,220	-	57,961,220	2,728,906	16	2	-	18	3
2013	6,455,805	-	6,455,805	862,673	16	3	-	19	2
2014	8,571,250	-	8,571,250	336,314	19	-	-	19	1
2015	(2,711,162)	-	(2,711,162)	-	19	-	-	19	-
2016	19,743,078	-	19,743,078	-	15	-	-	15	-
2017	244,044	-	244,044	-	3	-	-	3	-
2018	*		*	-	-	1		1	-

TABLE 4 NOTES

Column (B)	This column is the amount that was adjusted in the AS 43.55.025 audits + the amount that was assessed (total credit issued less the total credit allowed based on an audit) after an AS 43.55.023 audit was performed. In 2016, it includes AS 43.55.025 audits that are complete, but waiting on DNR confirmation.
Column (C)	Interest is not assessed when issuing the AS 43.55.025 credits unless the credits have already been applied against tax liability and there are too few companies in that situation to report (per AS 43.55.890). Also, interest is not assessed when issuing audits that reduce credit certificates under AS 43.55.023 if the taxpayer has outstanding certificates that may be reduced to satisfy the liability pursuant to AS 43.55.023(g).
Column (E)	The name of this column was changed to reflect that appeal adjustments generally result in additional credit allowed and issued to the taxpayer.
Column (F)	In the 2016 period the amount includes AS 43.55.025 audits that are complete, but waiting on DNR confirmation.
Column (G)	This is pulling the AS 43.55.025 audits that are not complete, AS 43.55.023 audits that have been opened and not complete, and AS 43.55.023 audits that are planned.
Column (H)	This field is not tracked by OGP. All AS 43.55.025 credits are audited prior to tax credit certificates being issued. AS 43.55.023 credits are basically audited and adjusted during the due diligence review and audits after the fact are only performed on credit certificates that are flagged during the due diligence review.
Column (I)	This does not include the number of AS 43.55.023 credits that were received each year. Please see table 5 for that information.
Column (J)	The name of this column was changed to reflect the number of audits appealed.

5. In the table below, please provide the **dollar amount** and **number** of 023 credit review assessments for tax years 2006 – 2013 (PPT/ACES) and 2014 – 2017 (SB 21). Note that *reviews* are being distinguished from *audits* which are summarized in Table 4. Reviews that must be completed within 120 days may also result in assessments. A portion of these credits may later be audited.

Updated 1/11/2019

Table 5 023 Credit Review Assessments for Tax Years 2006-2013 and 2014-2018								
	Amount of Credit Assessments			Number of Credit Assessments				
(A)	(Added by DOR)	(B)	(C)	(F)	(G)	(H)	(I)	(J)
Tax Year	Tax Credit Requests	Tax Credit Disallowed	Amount of Additional Credit Allowed in Appeal	Credit Reviews Completed	Credit Reviews Still to Be Completed and Issued	Credits Not Reviewed	Total Credits Filed [F+G+H]	Number of Credit Reviews Appealed
2006	\$ 85,490,257	\$ 7,520,378	\$ 6,266,855	14	-	-	14	3
2007	299,412,427	29,665,978	*	59	-	-	59	1
2008	334,494,453	45,725,797	4,211,742	67	-	-	67	7
2009	268,078,710	15,039,467	9,248,828	74	-	-	74	10
2010	444,535,610	6,609,401	1,362,869	73	-	-	73	5
2011	393,576,565	28,217,239	5,058,680	65	-	-	65	7
2012	610,144,269	111,099,520	9,880,179	69	-	-	69	8
2013	724,710,171	148,446,444	5,906,854	77	-	-	77	4
2014	623,979,795	29,262,225	6,852,859	16	-	-	16	7
2015	657,009,358	80,813,131	15,120,996	56	-	-	56	12
2016	244,937,011	57,760,050	2,174,634	45	-	-	45	5
2017	51,985,485	6,377,523	-	23	-	-	23	-
2018								

TABLE 5 NOTES

Column (A)	Prior to 2015, applications received for credits under AS 43.55.023(a) were allowed to be requested for multiple years in a single application and for purposes of this report DOR assigned a tax year based on the incurred dates (if more expenditures were incurred in year 1 vs year 2, then the application is reported under year 1). For credit applications received in 2015 and after (when the Tax System was implemented), the credits are correctly allocated to the year that the credit is earned.
(Added by DOR)	These are the amounts requested for the applicable tax year (based on when the expenditures were incurred). This amount does not include credits that were withdrawn by the taxpayer, amounts issued as a result of a transfer, or amounts issued as the result of an appeal. It DOES include amounts that were denied in full by the audit staff.
Column (B)	The amount of credit requested by the taxpayer less what was issued as a certificate from DOR.
Column (C)	Changed the title of this column to reflect the additional amount of credit issued from an appeal.
Column (F)	The number of applications received and reviewed by DOR by year -some companies submit more than one credit application for a single calendar year, therefore more than one review is performed.
Column (G)	2017 does not include enough data to report under AS 43.55.890. The credits were repealed (aside from areas outside North Slope and Cook Inlet) and 2018 applications are not expected.
Column (H)	All AS 43.55.023 credits are reviewed before issuing a certificate.
Column (J)	Changed name to reflect the number of credit reviews that were appealed.
*	There are too few to report under AS 43.55.890.