

State of California
BOARD OF EQUALIZATION
PROPERTY TAX RULES

Division 1. State Board of Equalization-Property Tax
Chapter 2. Assessment
Article 4. Information from Taxpayers and Audits

Rule 193. Scope of Audit.

Authority: Section 15606, Government Code.

Reference: Sections 469, 502, 503, 531, 531.3, 531.4, 532 and 532.1, Revenue and Taxation Code.

(a) When auditing a taxpayer under the requirements of Rule 192, an assessor may audit for only one of the fiscal years within the period specified in section 532 of the Revenue and Taxation Code if no discrepancy or irregularity is found in the fiscal year selected for audit unless one of the provisions of subdivision (b) apply.

(b) When a discrepancy or irregularity is found in the fiscal year first selected for audit, the assessor shall audit the remaining fiscal years for which the statute of limitations has not expired unless the assessor documents in the audit report his/her conclusion both that:

(1) The discrepancy or irregularity in the fiscal year first selected is peculiar to that fiscal year; and

(2) The discrepancy or irregularity did not disclose:

(A) an escape assessment under the provisions of Revenue and Taxation Code sections 469, 502, 503, 531.3, or 531.4; or

(B) an error that resulted in property being incorrectly valued or misclassified that caused the property to be assessed at a higher value than would have been on the roll if the error had not occurred. The error that caused the property to be assessed at a higher value than would have been on the roll must be of "material value" as defined in Rule 305.3.

(c) If property of a taxpayer who meets the requirements of Rule 192 is selected by the California State Board of Equalization (Board) as an assessment sample item as part of its assessment practices surveys, the assessor of the county surveyed may consider the Board's audit findings as the fulfillment of Rule 192, providing no discrepancy or irregularity exists between the findings and the corresponding property statement or report and providing the assessor maintains a copy of such findings in his/her files. If the assessor determines that the findings disclose a discrepancy or irregularity between the taxpayer's books and records and the corresponding property statement or report, the assessor shall ascertain the cause and audit all years within the statute of limitations.

(d) Nothing herein shall be construed to prohibit an assessor from auditing or reauditing any or all statement or reports for which the statute of limitations has not expired or to define the circumstances in which property that has escaped assessment can be added to the roll.

(e) The statute of limitations may be extended through the execution of a mutually agreed upon waiver pursuant to Revenue and Taxation Code section 532.1.

History: Adopted April 10, 1968, effective May 12, 1968.

Amended December 12, 1969, effective January 11, 1970.

Amended January 16, 1985, effective February 15, 1985.

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