3 D letter sent to Deans, Director, Department Heads regarding Tax

From: Tim Slottow, Executive Vice President and Chief Financial Officer

Sent: Friday, March 11, 2005 11:26 AM

To: "Deans, Directors and Department Heads"

Subject: Guidance on Handling Tax Filings, Notices, Correspondences and Communications

As you may know, my office is responsible for tax regulatory and compliance matters for the University and its affiliates. Due to recently stepped-up enforcement activities by the Internal Revenue Service (IRS) and state and local taxing agencies, I ask you to remind your staff to familiarize themselves with the standard procedures in place for filing tax information, responding to tax notices and communicating with tax officials.

Increased Enforcement Measures by the IRS and Other Taxing Agencies:

As a recognized 'sophisticated' taxpayer, the University is subject to a myriad of tax filings that, if not prepared appropriately, may trigger unbudgeted, and at times, significant tax liabilities. Further, these filings may impact our relationships with donors, vendors and consultants among others.

Moreover, in an effort to raise revenues and to ensure compliance, IRS agents and state and local tax assessors have introduced to the higher education and healthcare communities aggressive collection measures and examination programs that subject these institutions to a high scrutiny. These tax officials may contact University personnel at random by phone, e-mail or in-person. Oftentimes, however, these impromptu communications may result in tardy or misinformed responses that can impact the University’s compliance record unjustly.

Standard Procedure for All Schools, Departments, Units and Staff:

As a means to assist you with these tax responsibilities and to ensure the University’s compliance, the Tax Department within Financial Operations, by my delegation, will review each tax return, form or other information, such as annual income tax returns, personal property tax statements, tax-exempt leasing arrangements, physician practice acquisitions, prior to filing with the appropriate taxing agency. Send any and all such tax filings to the attention of the University Tax Manager: Ed Jennings, 6044 Wolverine Tower -1287, (734) 763-3282 - phone, (734) 647-5286 - fax, [ejenning@umich.edu](mailto:ejenning@umich.edu) – e-mail. The Tax Department's primary function is to handle tax matters to minimize the University's tax liabilities and exposure.

Further, should you or anyone within your employ receive a notice, correspondence, form or other mode of communication from the IRS or other taxing agency, contact our Tax Department listed above as soon as possible.

Please distribute this memorandum to appropriate members within your employ.

Timothy P. Slottow

Executive Vice President and Chief Financial Officer