Protecting Confidential Tax Information

Revised: April 2012
Remember to “take five”

Before giving out information ask yourself:

1. “Did the information come from the Department of Revenue?”

2. “Is this confidential taxpayer information?”
Confidentiality Laws

Public Records
• RCW 42.56.230(4)

Excise Tax
• RCW 82.32.330

Property Tax
• RCW 84.08.210
• RCW 84.40.020
• RCW 84.40.340

Tobacco Manufacturers
• RCW 70.158.050(2)
Revised Code of Washington

Legislature’s website:

http://apps.leg.wa.gov/rcw/
Examples of Confidential Tax Information

- Tax return information
- Audit information
- Social security numbers
- Business phone numbers or e-mail addresses listed with the Department of Revenue
- Business’ filing frequency (monthly, quarterly, or annually)
Unauthorized Disclosure of Tax Information

Any of the following is considered unauthorized disclosure:

• Giving tax information to a taxpayer’s
  • Lawyer
  • Spouse (unless listed in record as taxpayer)
  • Person with general power of attorney for the taxpayer
  • Former business partner, except for time period they shared ownership of the business

• Giving tax information regarding hotels, bed and breakfasts, etc. to Chambers of Commerce or tourism boards
What Can be Disclosed?

• Information available on the Department of Revenue’s Business Records Database:  
  Lookup business information

• Information identified in RCW 82.32.330
  • Taxpayer name & trade name
  • Entity type
  • Business/mailing address
  • Tax registration/UBI numbers
  • NAICS codes
  • Open and close dates
  • Resellers permit number, expiration date, status
  • Real Estate Excise Tax (REET) controlling interest information
Data-sharing Agreements

- Data-sharing agreements provide authorized purposes
- Each employee with access to tax information must know and understand limitations on use of tax information
- Ask to amend the data-sharing agreement if data use changes or is expanded
Access to Information

- Authorized individuals may access tax information
  - A signed and notarized Department of Revenue (DOR) Secrecy Clause Affidavit must be on file with the local jurisdiction and with DOR for each person

- Contractors must also sign a DOR Secrecy Clause Affidavit

- On-line data access is granted to individuals and must not be shared
Secrecy Clause Affidavits

Who?
- Each employee or agent with access to confidential tax information

When?
- Before access to tax information
- Update if any personnel changes

Where?
- Kept on file by local jurisdiction and DOR

Why?
- Assure understanding of laws and penalties for violation

How?
- Signed and notarized
Data Security

Keep all data secure

• Print only information you need
  • OK to print and give to the taxpayer
  • Don’t leave documents on printers

• Copy or download electronic tax information only as needed

• Communication of tax information via e-mail is prohibited (including attachments)
Data Security, continued

Electronic data

• Protect access with passwords
• Automatic screensaver after short period of time
• Screen is not viewable by others

Laptops

• Laptops must be encrypted if downloading tax information

Compact discs, DVDs, or thumb drives

• Do not download tax information onto any of these unless you must; always keep secure
Data Security, continued

Paper copies must be

• secure at all times,

• shredded once no longer needed,

• not seen by others without authorized access, and

• secured during transportation and destruction if destroyed off-site.
Penalties – Breach of Confidentiality

Misdemeanor sanctions include:

- Up to $1,000 fine
- Up to 90 days in jail
- Loss of job
- Barred from employment by state or local government for two years

See RCW 82.32.330
Breach – Required Notification

Requirements per RCW 42.56.590:

• “Unauthorized acquisition of [unencrypted] computerized data that compromised the security, confidentiality, or integrity of personal information maintained by the agency.”

• Notice in “most expedient time possible and without unreasonable delay”
Questions – Contact DOR

Patti Wilson, Local Government Liaison
PattiW@dor.wa.gov or (360) 534-1543

Bob Petteys, Local Tax Manager
RobertP@dor.wa.gov or (360) 902-7065

Maureen O’Connell, Public Records Officer’s Designee
MaureenO@dor.wa.gov or (360) 705-6647