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Revenue wins national award for its implementation of taxpayer amnesty

Washington, D.C., April 5, 2012 – The Washington State Department of Revenue has won a national award for what judges said was its swift and taxpayer-friendly implementation of a 2011 taxpayer amnesty.

The Federation of Tax Administrators (FTA) today named the agency co-winner of its 2012 Taxpayer Service and Education award in recognition of how it launched the three-month amnesty period only seven weeks after the Washington State Legislature authorized it in a one-day special session.

“We put a great deal of thought and work into making Washington’s first-ever tax amnesty a success, and it generated much more revenue than anticipated during a period when the state really needed it,” Revenue Director Brad Flaherty said. “It’s gratifying to see such recognition of the outstanding efforts our employees made toward making this program a success.”

By allowing businesses to pay back taxes without penalties and interest, the amnesty generated \$345.8 million from more than 5,000 businesses, 75 percent of them small businesses that grossed less than \$1 million annually. The voluntary payment of delinquent taxes saved businesses \$91 million in penalties and interest that otherwise would have applied.

The panel of FTA judges called the state’s amnesty program “a good model” for the way amnesties should be conducted.

“They did it the right way,” judges commented, including having a PayMyTax.org website in place only four days after the amnesty legislation was enacted. Still, small business owners began clamoring for information that would not be available for some weeks, and the agency responded by providing quotes to interested taxpayers. The quotes included the amount the businesses would owe and the amount they would save under amnesty.

Taxpayers wrote or emailed the agency with their business numbers and the periods for which they wanted amnesty, and the Department rapidly responded.

Judges praised the agency's communication strategy, use of the Internet and the results. They called the agency's decision to capture debtors' attention by showing them how much delinquency could be forgiven under the amnesty "an innovation."

Other key communication decisions included conducting an informal usability study on the amnesty application and deciding that the form had to be simplified. A second usability study on the new form showed the changes were effective.

The Department went out of its way to advertise the amnesty program's benefits to taxpayers. The audit division sent unsolicited amnesty quotes to taxpayers who received an audit debit assessment, and the compliance division shared amnesty information with debtors who were on payment plans.

The Department's efforts did not end when the amnesty program expired. Department personnel scrutinized the agency's actions and results and compiled a list of lessons learned, which could benefit other states that may be contemplating offering amnesties. Details are available in the Department's report on the amnesty program at <http://dor.wa.gov/Docs/Reports/AmnestyReport.pdf>.

The Federation of Tax Administrators is a nonprofit organization comprising tax and revenue departments of the 50 states, the District of Columbia, and New York City. Its mission is to improve the standards and methods of tax administration.

The Department of Revenue has won more than a dozen FTA awards over the past decade.

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