OVERVIEW

The Department of Revenue's Voluntary Disclosure Program encourages unregistered businesses to comply with Washington tax laws and to voluntarily register and pay prior tax obligations. If your business has established substantial nexus in Washington and is required to register and report we can assist you in becoming compliant.

TAX OBLIGATIONS IN WASHINGTON STATE

A business must register with the Department if it conducts activities that establish nexus in Washington. There are two types of nexus:

- **PHYSICAL NEXUS**
  A business making retail or wholesale sales into Washington is deemed to have a substantial nexus with this state if it has a physical presence in this state, which includes having property, employees, or a third party representative. Refer to WAC 458-20-193 for more information.
- **ECONOMIC NEXUS**
  A business that provides services and other apportionable activities does not need to have a physical presence to be subject to Washington tax. Rather, if a business meets certain thresholds for having employees or property in Washington, or for receiving income from Washington customers, it may be required to register and report. Refer to WAC 458-20-19401 for more information.

BENEFITS OF VOLUNTARY DISCLOSURE

The Voluntary Disclosure Program will provide you the following benefits:

- The "look back" period for your tax liability is generally limited to the prior four years plus the current year
- Up to 35 percent in potential penalties may be waived
- The Department can summarize your unreported tax liability in a single tax assessment.

Full statutory interest will still be imposed on all amounts due.

If your business is discovered through the Department's normal investigation, examination, or audit procedures you may be liable for tax, interest, penalties of 35 percent of the tax due, and a "look back" period of seven years plus the current year (WAC 458-20-228 and 458-20-230).

WHO IS ELIGIBLE FOR THE PROGRAM

To qualify for voluntary disclosure benefits a business must have:

- Never registered with or reported taxes to the Department
- Never been contacted by the Department for enforcement purposes (e.g., audit/compliance, contacts or requests)
- Not engaged in evasion or misrepresentation in reporting tax liabilities

PREVIOUSLY OR CURRENTLY REGISTERED BUSINESSES

You may not know if your business has been previously registered with the Department for tax collection purposes. Before completing the online voluntary disclosure application we recommend that you go to our Lookup Business Information database at **www.dor.wa.gov/BRD** and search for your business.

PRIOR CONTACT

If our records indicate your business was previously contacted by the Department in an effort to determine your registration and reporting requirements, or regarding other enforcement issues, you will not qualify for the Voluntary Disclosure Program. (WAC 458-20-228 (5)(a)(iii))

RELATED AND AFFILIATED ENTITIES

If you have unregistered affiliates, subsidiaries, or related entities that are required to register and report, they are encouraged to come forward through the Voluntary Disclosure Program. A separate application must be filed for each business entity.

ANONYMITY

At the time of application you will be asked to disclose your business name and contact information so we can verify your eligibility. However, there is still an option to come forward anonymously.

If you choose to apply anonymously, you must disclose your business identity within 15 calendar days of the application date. You are afforded protection from discovery by the Department for this period of time only.

APPLICATION PROCESS

All requests for voluntary disclosure must be submitted through the Department's online application at **dor.wa.gov/voluntarydisclosure**.

FORMAL AGREEMENT

If the Department has determined that you meet the voluntary disclosure qualifications you will be approved for the program. The Department will prepare a voluntary disclosure agreement which must be signed and returned to the department within 30 calendar days of the original application date. If you do not return the signed agreement within 30 days your application will not be approved and you could be liable for tax, interest, and penalties of up to 35 percent of the tax due for a period of seven years plus the current year.

COMPLETING THE VOLUNTARY DISCLOSURE PROCESS

After a formal agreement is signed and returned to the Department, you will receive instructions for registering your business. We will work with you to determine how your business activities are taxable, your tax liability, and will finalize the process with the issuance of a tax assessment.

NEED MORE INFORMATION?

If you would like more information about our Voluntary Disclosure Program, please contact us by:

Phone: (360) 725-7590

Email: **voluntarydisclosure@dor.wa.gov**

Website: **dor.wa.gov/voluntarydisclosure**

TELEPHONE INFORMATION CENTER

1-800-647-7706

WEBSITE

dor.wa.gov

For tax assistance or to request this document in an alternate format, visit http://dor.wa.gov or call 1-800-647-7706. Teletype (TTY) users may use the Washington Relay Service by calling 711.

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Department of Revenue
Washington State