



The Audit Process

The Washington State Department of Revenue routinely audits businesses to determine whether state excise taxes were reported and paid correctly. The audit may cover several areas such as income, purchases, deductions, and exemptions.

What to expect

The auditor will contact you to schedule an appointment that may take place at your business, one of the department's local offices, or your accountant's, attorney's, or other representative's office.

Preparing for an audit

Audits usually cover the past five years (four years plus the current) and relate to excise taxes you may pay on your excise tax returns such as business and occupation tax, retail sales tax, use tax, and public utility tax. Your auditor will discuss with you what records will be necessary to complete the audit. The records that may be requested will relate to income, purchases, deductions, and exemptions.

To minimize time and improve accuracy, the auditor will use your electronic records.

For a list of potential requested records, use this QR code, or follow this link to connect you to the Department of Revenue website, dor.wa.gov/education/audits/audit-process-questions.

Or watch our online video "Preparing for an Audit" by following this link dor.wa.gov/preparingaudit.



Sampling

Sampling is frequently used to realize efficiencies for both the department and taxpayer. This helps minimize costs associated with the audit, such as retrieving and examining documents.

During an audit

The auditor may take a tour and/or observe your operations to get a better understanding of your business activities and accounting records. The auditor will review records and provide you with valuable information and instructions for future use. The time to complete an audit varies upon the size of your business.

Finalizing the audit

The auditor will explain any adjustment to you or your representative before finalizing the audit. You will be notified of the issued audit findings through your online My DOR registered account. If you have information we have not considered or believe a mistake has been made, please contact the auditor promptly.

If you agree with the adjustments



You have the option to prepay your assessment. Prepayments will be applied in full to the final assessment, including penalties, estimated interest, and assessed taxes. Prepayments may save you money on interest. Contact your auditor for further information.

If you disagree with the adjustments



You may request a meeting with the auditor's manager and review disputed issues. You may also request an informal administrative review. Visit the **File and Pay Taxes** section on our website for information on how to file a request for an administrative review.

Rights and Responsibilities

The taxpayers of Washington state have the right to:

- Written explanations when tax assessments, interest, and penalties are issued.
- Reliable, written advice and reporting instructions provided by the department specifically to the taxpayer, and to have interest, penalties, and in some instances, tax assessments waived if complying with that information worked against the taxpayer.
- Prompt administrative remedies when tax laws or rules are found to be unconstitutional by the final decision of a court of record.
- Confidentiality of their financial and business information in the department's possession in accordance with the requirements of RCW 82.32.330.
- Clear and current tax instructions, rules, procedures, forms, and other tax information provided upon request.
- Prompt and independent administrative review by the department of a decision to revoke a tax account, and to a written determination that either upholds the revocation or reinstates the tax account.

RCW 82.32A.020

The taxpayers of Washington state have the responsibility to:

- Register with the Department of Revenue.
- Know their tax reporting obligations, and ask the department for instructions when they are uncertain.
- Keep accurate and complete business records, per RCW 82.32.070 and WAC 458-20-254.
- File returns and pay taxes on time.
- Provide accurate information on tax returns.
- Substantiate claims for refund.
- Pay all taxes on time after closing a business, and request cancellation of the tax account.
- Respond to communications from the department in a timely manner.

RCW 82.32A.030

This document provides general information on the audit process. If you need more information, please contact your local Department of Revenue office. For a list of field offices please go to dor.wa.gov/contact

To inquire about the availability of this document in an alternate format for the visually impaired, please call 360-705-6715. Teletype (TTY) users please dial 711.