



*"Working together to
fund Washington's future"*

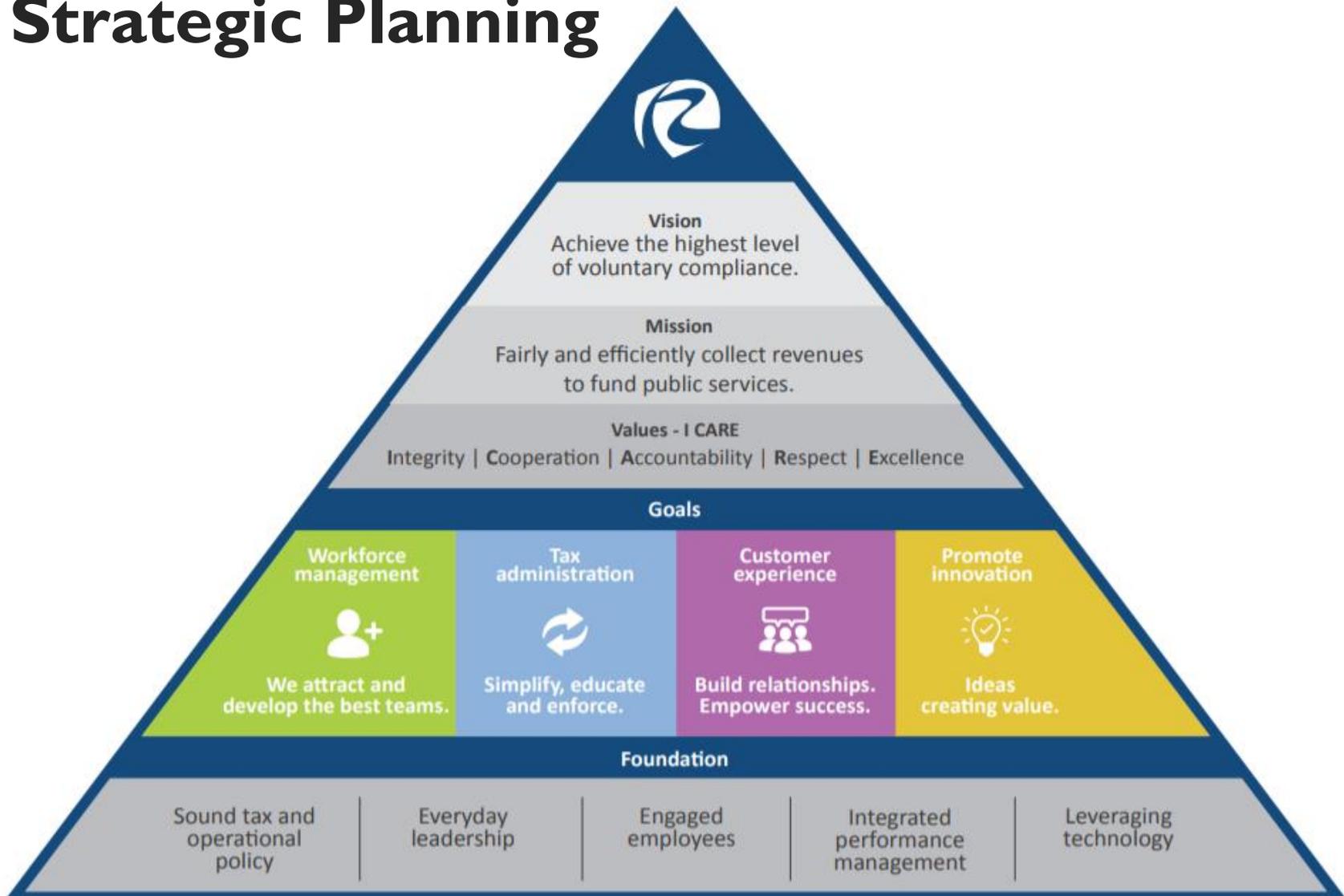
Audits and Covid-19

Past, Present and Future

Ken Krous, Assistant Director of Audit

June 22, 2020

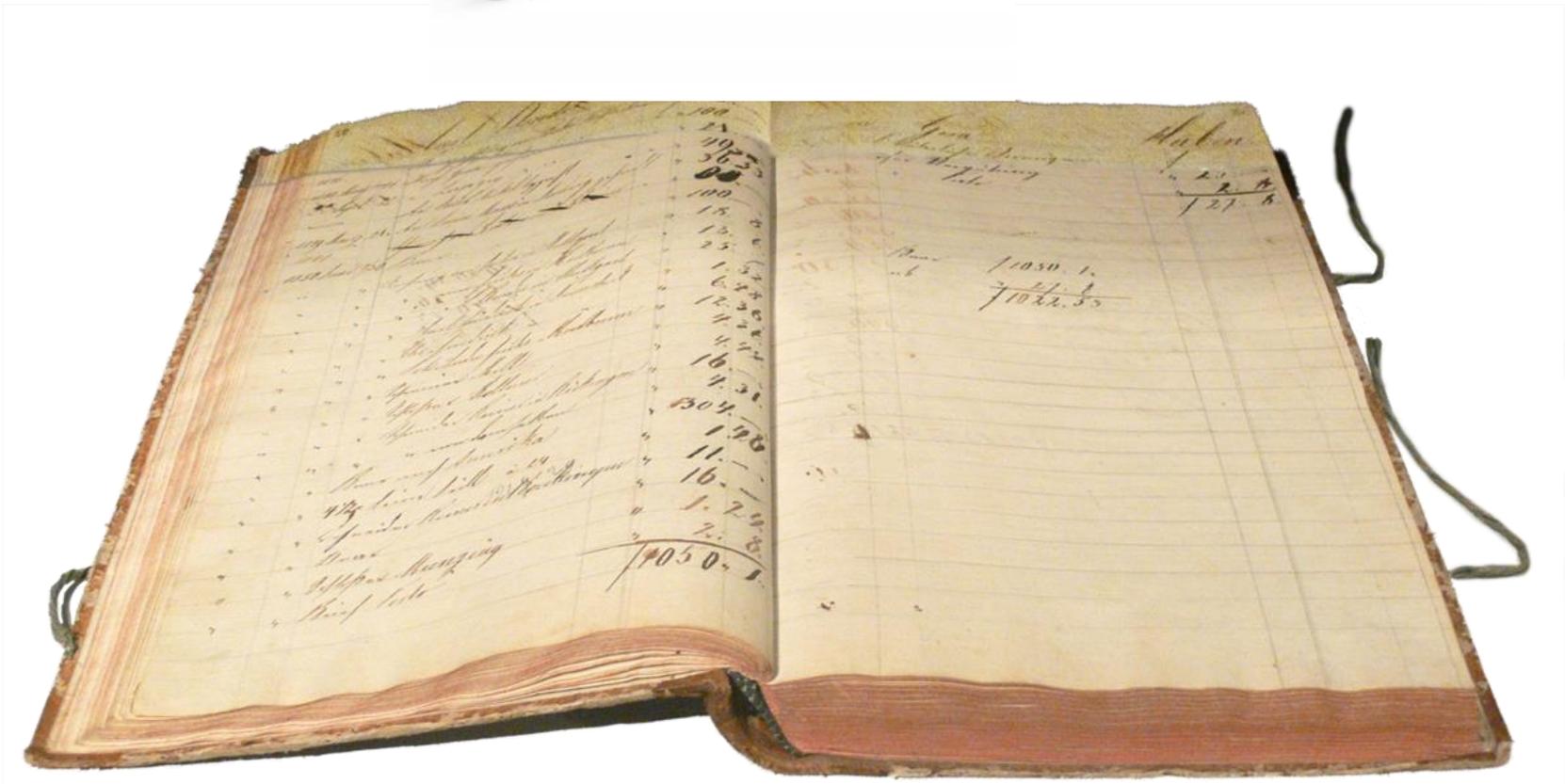
Strategic Planning



Audit Mission Statement

- Provide quality audit services to verify tax reporting and educate our customers.





Audits Since the Shutdown

- **March 17, 2020 – Stay at Home Order Begins**
- **Audits**
 - We delayed auditing businesses that had gross income of less than \$5 million in the past year or were specifically identified in the Governor’s proclamation for 60 days. Over time the list of effected businesses expanded.
 - For audits in progress, we worked with the taxpayer to either issue the audit or provide an extension of 60 days based on the taxpayer’s preference.
 - We were more flexible in scheduling audits of businesses and encouraged electronic records to support social distancing.

Audits Moving Forward

- Guidance starting June 1, 2020:
- **What considerations will we make?**
 - Safety for staff and taxpayers is priority one.
 - The Audit division will be starting new audits of businesses following the governor's phased in approach. Our audit selection will mirror that phased in approach. If the governor's dates change, this guidance will adjust.
 - Selection processes will take into consideration what phase the local city, county or state are currently under.
 - We will be more flexible in scheduling audits of businesses and encourage electronic records to support social distancing.

General Guidelines – What Makes Sense

- Records could be dropped off at a field office or picked up for review remotely.
- Audit will attempt to focus audit selection on businesses that were operating or less impacted by the shutdowns.
- Audit will promote limited scope audits with staff.
- Apply additional resources to process Refund Requests timely.
- Audit will promote our Managed Audit Program in field audits where we have cooperation to reduce contact and provide education to taxpayers
- Audit will promote consultation visits through remote means.

What Makes Sense

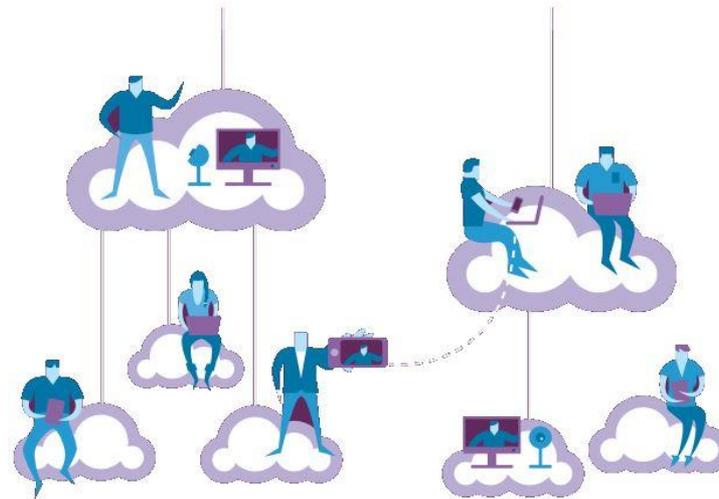
- Add additional resources to process Voluntary Disclosure Applications.
- To qualify for full voluntary disclosure benefits a business must have:
 - Never registered with or reported taxes to the department;
 - Never been contacted by the department for enforcement purposes (e.g., audit or compliance contacts regarding registration or reporting requirements); *and*
 - Not engaged in evasion or misrepresentation in reporting tax liabilities.

Temporary Expansion of VDA

- Mid July start – End date to be determined.
- Expanded treatment would apply to:
 - ✓ All non-named affiliates of audits
 - ✓ Businesses with a previous registration (closed prior to January 1, 2020)
 - Active Non-Reporters would qualify.
 - ✓ Taxpayers with enforcement contact greater than 12 month. MPF with prior contact would not be eligible regardless of the timeframe.
- Collected and unremitted sales tax would not qualify for this program.
 - ✓ Business could still qualify for other taxes.

Continuing Audits into the Future

- Adaptability, open communication, and being creative with ways to engage and work through audits with taxpayers will be key.



Audit's Ask of the BAC

- What special considerations would you want Audit to keep in mind as it performs audits for periods impacted by COVID-19, now and in the future.



Questions?

