Protecting Confidential Tax Information
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

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