



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

# *Tax Discovery Overview*

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*Business Advisory Council*

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# Our Strategic Pyramid



Funding Washington's future through...

Education  
Investigation  
Enforcement



Washington State Department of  
**Labor & Industries**



**U.S. Customs and  
Border Protection**



**Employment  
Security  
Department**  
WASHINGTON STATE



WASHINGTON STATE DEPARTMENT OF  
**LICENSING**

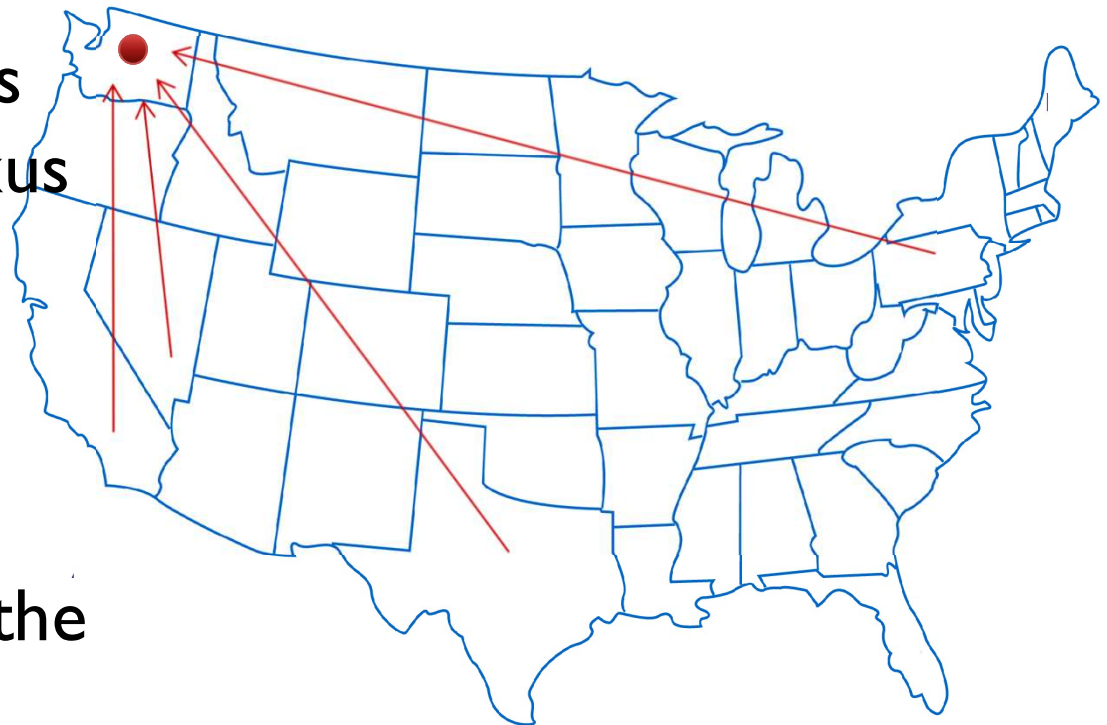


**Washington State  
Department of Transportation**

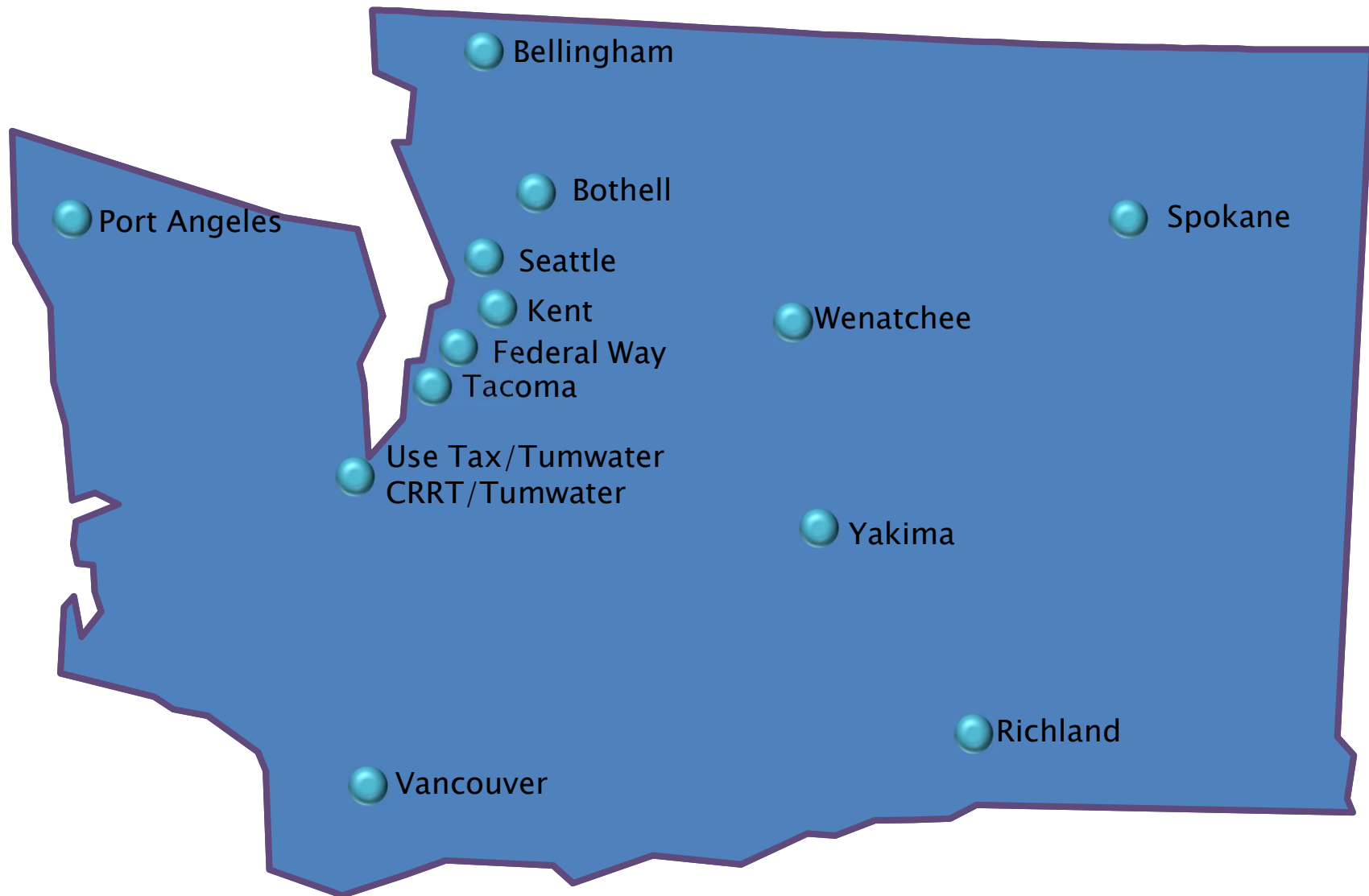


# Taxability of Out-of-State Businesses

- Physical Nexus or Economic nexus
  - Tax Discovery Agents must prove both nexus and delivery and/or economic nexus
- Marketplace Fairness
  - Continuing to “level the playing field”



# Tax Discovery in the Field



## Compliance Division Tax Discovery

Investigate, assess, and collect taxes not paid due to avoidance or evasion.

Collected over \$95 million and worked over 8,000 cases in FY19.

- Unregistered Businesses
- Temporary Businesses
- Unregistered vessels and aircraft
- Out of state plated vehicles

# Role of a Tax Discovery Revenue Agent

- Search for Leads
  - Do not receive automated referrals
- Phone Contact & Field Work
  - Interview and investigate for unreported taxes
- Tracking
  - Track cases in ATLAS





# Finding Leads

Watercraft

Aircraft

Other agencies

Fairs & events

Citizen  
complaints

Advertisements

Public roadways

Retail stores

Internet

Tax Discovery recovers dollars otherwise lost in the underground economy.

## Investigation

- Fraud referral, field investigation, trade show information, research, referrals from staff.

## Assessment

- Agent builds a case, issues assessment and takes enforced collection action if assessment remains unpaid.

# Washington Business Activities Questionnaire (WBAQ)

- Agent verifies nexus and delivery, economic nexus, or MPF
- Sends WBAQ to the business with Nexus Initial Inquiry letter
- Agent analyzes completed questionnaire
- Determines if business needs to register

State of Washington  
Department of Revenue  
(Field Office Address)  
City, State, Zip  
Attention: (Name)  
DOR.WA.GOV

**Washington Business Activities Questionnaire**

Company Name: \_\_\_\_\_  
Address: \_\_\_\_\_

Washington Tax Registration Number: \_\_\_\_\_  
Federal Employer Identification Number (FEIN): \_\_\_\_\_  
Phone Number: \_\_\_\_\_  
Internet Address: \_\_\_\_\_

**Please answer the following questions based on your company's activity from \_\_\_\_\_ to \_\_\_\_\_**

1. Did your company make sales, provide services, or have customers in Washington State?  
Can the goods be picked up and/or returned in Washington State?  Yes  No  Yes\*  No

2. Did your company provide financial services to customers in Washington State?  
\*If yes, describe services provided: \_\_\_\_\_

3. Does your company make sales or provide services via the internet?  
Can the goods be picked up and/or returned in Washington State?  Yes  No  Yes\*  No

4. What was your total:  
Gross sales/revenue: \_\_\_\_\_  
Payroll: \_\_\_\_\_  
Worldwide \$ \_\_\_\_\_ Washington State \$ \_\_\_\_\_  
\*Property: \_\_\_\_\_  
\*Property includes real property, personal property, loan and credit card receivables, rented property, intangible property, and receivables. Worldwide \$ \_\_\_\_\_ Washington State \$ \_\_\_\_\_

5. Describe the business activities your company performed in Washington State and services you provided to Washington State customers.  
\_\_\_\_\_

6. Sales/Services have been provided to:  
 Consumers  
 Washington State, its Counties -  
 Manufacturers  
 Loan/Credit

# Registration

- Agent sends Business License Application to business to complete
- If no response, follow-up letters and phone calls
- If business does not cooperate, agent may have to force register a business.

State of Washington  
Business Licensing Service  
PO Box 9034  
Olympia WA 98507-9034  
Telephone: 1-800-451-7985  
<http://business.wa.gov/BLS>  
Information provided may be subject to disclosure  
under the public disclosure law (RCW 42.56)

**Business License Application**  
For faster service - Apply online at [business.wa.gov/BLS](http://business.wa.gov/BLS)  
or print in dark ink and mail to Business Licensing Service

**1. Purpose of Application**  
Please check all boxes that apply:

<input type="checkbox"/> Open/Reopen Business complete sections 2, 3, 4, (5 if hiring employees) and 6	<input type="checkbox"/> Add License/Registration to complete sections 2, 3, 4, and 6
<input type="checkbox"/> Open Additional Location complete sections 2, 3, 4, (5 if hiring employees) and 6	<input type="checkbox"/> Business Has or Will Have Emp complete all sections
<input type="checkbox"/> Change Ownership complete sections 2, 3, 4, (5 if you have employees) and 6	<input type="checkbox"/> Business Has or Will Have Emp complete all sections
<input type="checkbox"/> Register Trade Name complete sections 2, 3, 4 and 6	<input type="checkbox"/> Hire Persons to Work In or Around complete all sections
<input type="checkbox"/> Change Trade Name - complete sections 2, 3, 4 and 6	<input type="checkbox"/> Other - complete all sections
Name(s) to be cancelled: _____	
<input type="checkbox"/> Change Location - complete sections 2, 3, 4 and 6	
Old address to be closed: _____	

**2. Licenses and Fees**  
Use the License Fee Sheet for the information needed to complete this list.

**Mark Registrations Needed:**

<input type="checkbox"/> Tax Registration (State Dept. of Revenue)	- Do you want a separate tax return for each business?
<input type="checkbox"/> Industrial Insurance (Workers' Compensation)	- Required if you will have employees.
<input type="checkbox"/> Unemployment Insurance	- Required if you will have employees.
<input type="checkbox"/> Minor Work Permit	- Required if you will have employees.
<input type="checkbox"/> New Trade Name (Doing Business As):	

List Additional Trade Names (\$5 each)

## Assessment

### Agent requests sales figures

- If business provides registration and figures
  - Tax Assessment issued
- If business fails to provide the information
  - Estimated Tax Assessment issued
- Up to 7 years plus the current year

# Tax Discovery in the Pandemic

- Slow, thoughtful, and flexible start to enforcement actions
- Payment Extensions
- COVID-Specific Payment Plans
- Payment Plans Modifications
- Interest Waivers

## Looking Ahead

- Include more data-driven elements to finding and working leads.
- Utilization of existing system resources.
- Implementation of new legislation.
- Expanding intra-agency relationships.
- What can we do better?

Questions?

