

# FINAL BILL REPORT

## SSB 5571

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### C 176 L 09

#### Synopsis as Enacted

**Brief Description:** Requiring the use of electronic methods for taxes administered by the department of revenue, including filing of taxes, payment of taxes, assessment of taxes, and other taxpayer information.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Oemig and Kohl-Welles; by request of Department of Revenue).

#### **Senate Committee on Ways & Means**

#### **House Committee on Finance**

**Background:** The Department of Revenue (DOR) collects the major state excise taxes, such as the retail sales tax and the business and occupation (B&O) tax. The general administrative provisions for the collection of excise taxes are provided in chapter 82.32 RCW, including payment schedules, payment types, assessments, and notice provisions. The payment schedule, in general, is for businesses to report and pay excise taxes on a monthly basis, although smaller businesses may report taxes quarterly or annually.

Taxpayers with an annual tax liability of more than \$1,800,000 must make payment of their excise tax returns using electronic funds transfer (EFT). By rule, DOR requires taxpayers with annual tax liabilities above \$240,000 to make payment of their excise tax returns using EFT. Taxpayers with annual tax liabilities below \$240,000 may make payments using EFT, but are not required to do so.

Direct pay is a program that allows certain businesses to buy goods without payment of sales tax to the seller at the time of purchase. Businesses with a direct pay permit may pay the applicable sales and use taxes due directly to DOR. Businesses eligible to apply for direct pay permits are firms making purchases over \$10,000,000 in one calendar year or are required to pay by EFT.

**Summary:** DOR must send all assessments, notices, or other information electronically, but may waive this requirement for any taxpayer for good cause, temporarily or permanently. For purposes of DOR notice to taxpayers, "good cause" is defined as DOR lacking necessary information to send information electronically; and also includes the inability of a person to receive information because the person does not have the necessary equipment or software, the equipment or software is not functioning, or the person does not have internet access.

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Taxpayers who file tax returns on a monthly basis must file them and pay taxes electronically. DOR may waive this requirement for any taxpayer for cause, temporarily or permanently. For purposes of taxpayers filing tax returns and remitting payment electronically, "good cause" is defined as the inability of taxpayers to receive information because they do not have the necessary equipment or software, the equipment or software is not functioning, or they do not have internet access; and, taxpayers who do not have a bank account, credit card, or whose bank is unable to send or receive EFT. Taxpayers who file returns on a quarterly or annual basis may also file and pay electronically. Payment of the tax must be by EFT or other forms of electronic payment authorized by DOR, such as credit card or e-check.

DOR may implement these requirements in phases.

The refund provisions are amended to clarify that DOR must have the necessary account information to provide refunds to taxpayers by EFT.

Businesses with an annual tax liability over \$240,000 are eligible to apply for a direct pay permit.

**Votes on Final Passage:**

Senate	48	0
House	98	0

**Effective:** July 26, 2009