

FINAL BILL REPORT

HB 2681

C 169 L 92
Synopsis As Enacted

Brief Description: Modifying provisions for the refund of overpaid taxes.

By Representatives J. Kohl, Brumsickle and Fraser; by request of Department of Revenue.

House Committee on Revenue
Senate Committee on Ways & Means

Background: The Department of Revenue (DOR) has the authority to collect back taxes, penalties, and interest from businesses that evade taxes or are late in paying taxes. DOR may not assess additional taxes, penalties, or interest later than four years after DOR discovers the additional tax liability, except:

- (1) When a taxpayer has not registered as required;
- (2) Upon a showing of fraud or misrepresentation by the taxpayer; or
- (3) When a taxpayer has signed a waiver of the four year statute of limitations on assessments.

DOR will sometimes seek a waiver of the four year statute of limitations when the information needed to complete an audit within the four year time period is not yet available. The waiver ensures that DOR will be able to assess the appropriate amount of taxes after the limitation expires. However, if DOR discovers in an audit extending beyond the limitation that a business has overpaid taxes, the department is unable to offer a refund.

Summary: Taxpayer waiver of the four year limitation on assessments will automatically provide for refund or credit of overpaid taxes discovered after the waiver is signed.

Votes on Final Passage:

House	96	0	
Senate	47	0	(Senate amended)
House	97	0	(House concurred)

Effective: July 1, 1992