

HOUSE BILL REPORT

HB 2681

*As Passed House
February 13, 1992*

Title: An act relating to the payment of refunds for overpaid taxes.

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

Sponsor(s): Representatives J. Kohl, Brumsickle and Fraser; by request of Department of Revenue.

Brief History:

Reported by House Committee on:
Revenue, January 31, 1992, DP;
Passed House, February 13, 1992, 96-0.

**HOUSE COMMITTEE ON
REVENUE.**

Majority Report: *Do pass.* Signed by 14 members: Representatives Wang, Chair; Fraser, Vice Chair; Brumsickle, Ranking Minority Member; Wynne, Assistant Ranking Minority Member; Belcher; Carlson; Day; J. Kohl; Leonard; Morris; Morton; Rust; Silver; and Van Luven.

Staff: Robin Appleford (786-7093).

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 of Bill: Taxpayer waiver of the four year limitation on assessments will automatically provide for refund or credit of overpaid taxes that DOR discovers after the waiver is signed.

Fiscal Note: Available.

Effective Date: July 1, 1992.

Testimony For: This change will allow the department to better accommodate taxpayers who qualify for refunds on overassessments.

Testimony Against: None.

Witnesses: Dennis Okamoto, Department of Revenue (in favor).