

# VOLUNTARY DISCLOSURE PROGRAM

The City's Voluntary Disclosure Program encourages unregistered businesses to comply with the City of Bellingham's tax laws and to voluntarily register and pay prior obligations. If your business has established nexus in the city of Bellingham and is required to register and report taxes according to [BMC 6.04](#) we can assist you in becoming compliant.

Businesses can come forward through our Voluntary Disclosure Program by submitting a written request or using our application. Under the Voluntary Disclosure Program the "look back" period is generally limited to four years plus the current year. Penalties will be waived and interest will be imposed at the statutory rate. You will be required to complete a business license application and pay applicable license fees.

Refer to Bellingham BMC 6.04.050 for additional guidance to help you determine whether or not your business has nexus in the city of Bellingham.

## Benefits of voluntary disclosure

If your business is discovered through the City's own efforts (e.g., enforcement, investigation, audit), you may be liable for tax, interest, penalties of 39 percent of the tax due, and a "look back" period of up to **10** years plus the current year.

The Voluntary Disclosure Program can offer you the following benefits:

- The "look back" period for your tax liability is limited to the prior four years plus the current year.
- Up to 39 percent in potential penalties can be waived, which include:
  - 5 percent assessment penalty for substantially underpaid tax.
  - 5 percent unregistered penalty.
  - 29 percent late payment of a return penalty.

Full statutory interest will still be imposed on all amounts due.

## Eligibility

To qualify for full voluntary disclosure benefits a business must have:

- Not been contacted by the City to determine if the business should have been registered or regarding specific outstanding obligations.
- Not engaged in evasion or misrepresentation in reporting tax liabilities.

## Currently registered businesses

You may not know if your business has been previously registered with the City for business license and tax purposes. Before submitting the voluntary disclosure application we recommend you call (360) 778-8012.

If a business that is currently registered discovers that it has underreported its tax obligations, it should amend its returns and submit any additional tax and interest due.

## Prior contact

If our records indicate your business was previously contacted by the City in an effort to determine our registration and reporting requirements, or regarding other enforcement issues, you will not qualify for the Voluntary Disclosure Program.

## Third party representation

If you would like the City to work with a third party representative, you must provide a completed [Confidential Tax Information Authorization](#) at the time of disclosure in order for the City to correspond with them regarding your confidential taxpayer information.

## Application process

Taxpayers must submit the following items to begin the voluntary disclosure process:

- Letter and or voluntary disclosure application (including an explanation of the business activities, both in Bellingham and worldwide).
- Business and Occupation Tax Returns (by year) and one for each quarter within the current year; showing gross income generated in Bellingham, along with any deductions.
- A Confidential Taxpayer Information Authorization form if a third party will be representing the business.

Once your tax liability has been determined, the City will prepare a tax assessment with interest. You will be sent a copy of the assessment for review and payment. Full payment must be received within 30 days of mailing. Additional interest and late payment penalties will accrue if the billing notice is not paid in full by the due date.

## Application not approved

In the event that your application was not approved, you will receive an explanation from the City, along with further instructions.