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Texas Tax: Voluntary Disclosure Agreements

The Texas Comptroller's Office is committed to promoting taxpayer compliance. A Voluntary Disclosure Agreement (VDA) is available to taxpayers who want to comply with Texas tax law, but might feel hesitant to disclose prior unreported activity. For taxpayers properly admitted to this program, the Texas Comptroller's Office will adhere to the following guidelines:

- Tax liabilities due to failure to collect taxes and/or file the applicable reports will be limited to reports due four years from the date the taxpayer makes initial contact with the Comptroller's office.
- All taxes that were actually collected by the seller need to be remitted (i.e., there is no four-year limitation on taxes which have been collected but not remitted by the taxpayer).
- Statutory penalties will be waived for all tax liabilities due under the VDA.
- Interest will be waived on taxes voluntarily disclosed and paid but not collected by the taxpayer.
- Voluntary Disclosure Agreements will be offered to taxpayers who have not been contacted regarding an audit or investigation, either verbally or in writing.

The Comptroller's Office has a two-step process in the VDA program:

Initial Taxpayer Contact – The anonymous client initiates the process by contacting the Business Activity Research Team (BART) in writing via mail or fax. Information included in this correspondence should include the following:

- The type of entity (i.e., corporation, partnership, etc.), a brief description of the company's business activities, and the date the company began business including when it began business in Texas.
- Disclosure of the tax type (i.e., sales, franchise, etc.) for which an agreement is being requested and disclosure of any other tax types that the business is already set up for in Texas.
- Whether the company has collected, but not remitted, any Texas tax and an estimate of the amount of taxes due.
- Whether the company has been contacted by the Texas Comptroller and any other pertinent information.

Processing the VDA – Once the preliminary approval has taken place, additional documentation will be required including a completed Texas Nexus Questionnaire (due within 30 days), applicable reporting forms, tax data and payment of the voluntarily disclosed taxes (due within 60 days). The identity of the taxpayer will be made known by completing the Texas Nexus Questionnaire.

As previously mentioned, the Texas Comptroller's Office has implemented a taxpayer friendly program to encourage compliance in these matters. Utilizing the VDA program allows a business to reach this status without burdensome penalties and interest being assessed to the taxpayer. Gollob Morgan Peddy has successfully represented many clients in this program by providing third party support during the initial taxpayer contact step.

If you have any questions regarding Voluntary Disclosure Agreements, please feel free to contact Jason Creel – jasonc@gmpcpa.com.