

## NCDOR Communication



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### *Surviving The Slow Economy*

## **Voluntary Disclosure: File And Pay Past Due Taxes**

Taxpayers who have never filed returns or registered for state taxes, such as sales and withholding, and who have not been contacted by the North Carolina Department of Revenue about their taxes can file and pay those taxes without the usual civil penalties and other consequences under the Voluntary Disclosure Program. While certain penalties may apply to Voluntary Disclosure participants, the penalties are much less severe than for oversights uncovered during audits or other examinations.

To qualify for Voluntary Disclosure, a taxpayer must meet all of the following conditions:

1. Not have been contacted by the Department of Revenue about any state tax for which voluntary disclosure is requested
2. Does not owe any state taxes
3. Is not being audited for any state taxes
4. Was never previously registered for the tax schedule being disclosed
5. Has never filed a return with the department for the tax schedule being disclosed
6. Must pay the tax due plus accrued interest; the department will calculate the interest due and notify the taxpayer upon request
7. Must make records available to the Department of Revenue for audit to verify the amount of the tax liability and the accuracy of the representations
8. Must comply with all tax laws for all state tax schedules after the disclosure

One of the more common situations that qualifies for Voluntary Disclosure is a business that owed state sales taxes because it met certain operating requirements in the state (known as “nexus”) but did not recognize the obligation at the time. Taxpayers who willfully ignore tax obligations are usually not eligible.

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Initial requests to participate in the Voluntary Disclosure Program are anonymous; often taxpayers make such requests through tax preparers, accountants or attorneys.

Voluntary Disclosure is available for individual taxpayers as well as businesses. The benefits include the waiver of civil penalties and an agreement not to pursue criminal charges by the department. Taxpayers can save hundreds or potentially thousands of dollars in penalties by coming forward. In addition, taxpayers who qualify for Voluntary Disclosure must pay any taxes due for the past four delinquent years.

## Contacting The Department For Help

Any taxpayer who has not filed a return or has not been contacted by the N.C. Department of Revenue should check with a tax preparer or contact the department directly. Click [here](#) for all the details – including complete eligibility information and instructions on how to apply for Voluntary Disclosure.

Taxpayers may also call the Discovery and Special Projects Group toll-free at 1-877-919-1819, extension 10215, or e-mail [Sanda.hartigan@dornc.com](mailto:Sanda.hartigan@dornc.com) if they have any questions about Voluntary Disclosure.