

**REVIEW OF AMENDMENTS TO
MULTI-STATE VOLUNTARY DISCLOSURE RULES OF PROCEDURES**

Commission staff has made several changes to the *Procedures of Multi-State Voluntary Disclosure*.

All but one are either typographical corrections, corrections to an internal citation, or rewording to improve readability without change to meaning. A significant change is to Section 7.3. This section formerly prohibited a state from disclosing the identity of a voluntary disclosant to any other party without the disclosant's consent. The modified text allows such disclosure pursuant to an intergovernmental exchange of information agreement. This responds to the concerns expressed by several states that they cannot contractually waive their obligations under these exchange agreements.

The modified section adds the underscored text in Section 7.3:

7. Disclosure of Taxpayer's Identity

7.1 The Commission shall take reasonable care to review a taxpayer's application and other communications intended to be sent to a state to ensure that nothing therein identifies the applicant (except to the extent the taxpayer has given its written consent to that disclosure). However, under no circumstance shall the Commission be liable for failure to detect such information or for having made such application or communication available to a *state*. Ensuring that communications intended to be forwarded to a *state* be in a form appropriate for that *state* to see is primarily the taxpayer's responsibility.

7.2 Neither the *state* nor the Multistate Tax Commission shall use information acquired as a result of a taxpayer's participation in MVD to develop independent sources of information about the taxpayer for the purpose of discovering its identity except in accordance with § 12. Neither the *Commission* nor a *state* shall attempt to learn the identity of a taxpayer in MVD except:

7.2.1 When the taxpayer voluntarily discloses it as a result of completing an MVD contract or otherwise;

7.2.2 In the course of governmental activity that does not use any information acquired as a result of the taxpayer's participation in MVD; or

7.2.3 In accordance with § 12.

7.3 Except to the extent that the taxpayer consents otherwise in writing, or the state is acting pursuant to § 12, or in response to a request pursuant to an inter-government exchange of information agreement, if a *state* learns the identity of a taxpayer before the MVD contract is in effect with respect to that *state*, the *state* shall:

7.3.1 Make no use of the identity; and

7.3.2 Conduct itself as if the identity had never been disclosed.