

Memorandum

To: Bryan Kelly, Chair, Nexus Committee

From: Richard Cram, Director, National Nexus Program

Date: November 16, 2022

Re: Proposed Revisions to Procedures for Multistate Voluntary Disclosure

The Procedures for Multistate Voluntary Disclosure (“Procedures”) for the Multistate Voluntary Disclosure Program (“MVDP”) currently posted on the Commission website were last revised on March 8, 2012. The Procedures are incorporated by reference in paragraph 4 of the standard agreement used by Nexus Program staff to prepare the voluntary disclosure agreements entered into under the MVDP for most participating states. Since 2012, businesses, state tax departments and the Commission have moved away from paper communication and toward electronic communication. The Nexus Program implemented a new software system for processing voluntary disclosure applications in March 2020. The pandemic has greatly accelerated the movement to electronic communications, and also ushered in the era of the remote workforce for both businesses and governments, which out of necessity requires electronic communication.

Attached are proposed revisions (shown in red text) to the current version of the Procedures. These proposed revisions are intended to simplify and align the Procedures with the current operating practices of the MVDP, particularly in the movement toward electronic communication between taxpayers, Nexus Program staff, and participating states. Probably the biggest change concerns how taxpayer-signed agreements, registration, return filing, and tax payments are handled. In the paper environment, taxpayers would send all of those documents in hard copy form and checks to Nexus Program staff, and Nexus Program staff would then forward those on to the states. Currently in the post-pandemic environment and remote work forces, Nexus Program staff email the state-signed agreement to the taxpayer (or representative) along with instructions for sending (preferably electronically) all documents and payments directly to the state.

The proposed revisions to the Procedures are submitted to the Nexus Committee for discussion and possible approval.