

## The Comptroller of Maryland's Voluntary Disclosure Agreement Program

The Comptroller's Office offers a voluntary disclosure agreement ("VDA") program that allows businesses and individuals to voluntarily report and pay past due Maryland tax liabilities. The VDA program is available for all taxes and fees administered by the Comptroller's Office. The program is confidential.

### What are the benefits of the VDA program?

The Comptroller's office will waive any penalties upon payment of tax and interest through the VDA program. The taxpayer will not be responsible for any unfiled tax returns or unpaid tax liabilities prior to the lookback period for that tax type.

### How do I send in a request for a VDA?

Requests for a VDA must be made in writing. You should e-mail your request to [vda@marylandtaxes.gov](mailto:vda@marylandtaxes.gov).

You can mail your VDA request to the Comptroller's office. However, please be advised that the processing of your VDA request will be delayed if sent by mail. The mailing address for the VDA program is:

VDA Program  
Comptroller of Maryland  
7 St. Paul Street, Room 510  
Baltimore, Maryland 21202

### Are there any restrictions on entering into a VDA?

The VDA program applies only if we have not previously contacted you about the liability. Therefore, you cannot apply for a VDA if you are currently under audit or already have an existing liability on your account for the tax type requested through the VDA process.



The total cumulative amount of tax or fees reported in the lookback period must be \$500 or more. Requests for less than \$500 in tax or fees will not be accepted by the Comptroller's office.

### **What is the process for entering into a VDA with the Comptroller's office?**

The taxpayer makes the initial contact with the Comptroller's office through a third party, usually an accountant or tax attorney, by sending an e-mail to [vda@marylandtaxes.gov](mailto:vda@marylandtaxes.gov). The taxpayer remains anonymous throughout the negotiation and agreement process. The third party must provide an electronic letter request via e-mail, on the taxpayer's behalf, that explains the reason for a Maryland liability.

The electronic letter request should clearly state the taxpayer has not been previously contacted by our office about its tax obligations and should also state an approximate amount of the liability for the applicable lookback period.

For businesses, the electronic letter should explain the taxpayer's Maryland business activity and when the activity started in the State. The explanation should include all nexus issues, such as personnel, inventory, property, etc.

The Comptroller's office will send the third party a draft VDA for review. The third party has an opportunity to send revisions, additions, or deletions to the draft VDA back to the Comptroller's office. If the revised VDA from the third party is acceptable, the Comptroller's office will send a final version for signature by the taxpayer. The identity of the taxpayer is not disclosed until the final draft is signed and returned to the Comptroller's office.

Once both parties execute the VDA, the taxpayer usually has sixty days to report and pay the tax due. Interest will be calculated by the Comptroller's office and payable after tax has been paid by the taxpayer.

The Comptroller reserves the right to audit any reported amounts within the lookback period. The VDA will be void if any misrepresentations are made.

### **What is the lookback period for each tax type?**

The lookback period for corporate and individual income tax is four years. The lookback period includes tax for the most recent tax year for which a filing is past due, plus the three years immediately preceding. The lookback period for sales and use tax and admissions and amusement tax is four years.

### **What is the procedure for reporting a sales and use tax under a voluntary disclosure agreement?**

If you enter into a VDA to report a sales and use tax liability, you do not need to file sales and use tax returns for all four years. You will be required to submit an excel spreadsheet by e-mail that states gross sales, sales and use tax due, and sales tax collected for each period during the four-year disclosure period. The sales and use tax liability and interest will be entered onto the taxpayer's account and payment can be made once the sales and use tax liability is on the taxpayer's account. Sales and use tax returns or summary sheets will not be accepted by mail.

### **What is the procedure for reporting an income tax liability?**

You will be required to file income tax returns for the current year and the preceding three years if you enter into a VDA to report an income tax liability for a corporation, individual, fiduciary, or pass-through entity. The income tax returns can be filed electronically or by mail. The processing time will be dramatically reduced by electronically filing returns and paying online.

Payment for the tax due shown on the return should be paid electronically after you file the return electronically. A bill for tax and interest due will be sent to the taxpayer after the income tax returns have been processed.

For corporations, fiduciaries, and pass-through entities, online payments can be made by using [bfile](#). For individuals, online payments can be made by using [Maryland Taxes Online Services](#).

### **Are payment plans available through Maryland's VDA program?**

Yes, payments plans are available through Maryland's VDA program. If you want to enter into VDA but need a payment plan for the liability, you should request a payment plan in your VDA submission. Please be aware that interest for late payment of tax will accrue during the payment plan and the length of the payment plan cannot exceed 24 months.

### **Do I need to register with Maryland to begin filing business tax returns and paying taxes?**

Yes, you need to register with the State of Maryland to begin filing returns and paying business taxes such as sales and use tax, withholding tax, tire fees, and admissions and amusement tax. By registering, you will receive a unique Combined Registration Number ("CR Number") when your account is established by the Comptroller's office. The CR Number is necessary to file certain business tax returns with the Comptroller's office such as sales and use tax and withholding tax returns.

You do not have to file a Combined Registration Application to file income tax returns for a corporation, individual, fiduciary, or pass-through entity. You can file Maryland income tax returns with the Comptroller's office without filing a Combined Registration Application

### **How do I register with Maryland and obtain a Combined Registration Number?**

You can register with the State of Maryland by completing and filing a Combined Registration Application. Online registration is strongly encouraged to expedite the VDA process. Registration is done through the [Maryland Tax Connect Portal](#).

### **Do I have to wait until the VDA process is completed to register online?**

No, you do not have to have a fully executed VDA before you can register with the State of Maryland by filing a Combined Registration Application through the [Maryland Tax Connect Portal](#). It may take 30 days for your tax account to be set up after filing a Combined Registration Application. You can submit a Combined Registration Application to the Comptroller's office at the same time as the initial request for a VDA to expedite the VDA process.

### **Who do I contact if I have questions on Maryland's VDA program?**

For information about the VDA program, please submit your question or a request for a callback by e-mail to [vda@marylandtaxes.gov](mailto:vda@marylandtaxes.gov). The VDA program manager will respond to your question or contact you by phone regarding your question.

### **Unclaimed Property Voluntary Disclosure Program**

If you are interested in entering into an Unclaimed Property VDA, the Comptroller's Office provides holders who have underreported or failed to previously report abandoned property to the State an opportunity to voluntarily comply with the requirements of the Maryland Abandoned Property Act. Interested holders can satisfy their past abandoned property obligations, avoid an audit, and forego penalties on delinquent remittances. To request a VDA, please see the [Comptroller's webpage](#), e-mail [upholder@marylandtaxes.gov](mailto:upholder@marylandtaxes.gov) or call 410-767-1700 from Central Maryland or 1-800-782-7383.