

**MEMORANDUM OF UNDERSTANDING**

**BETWEEN**

**VIRGINIA DEPARTMENT OF TAXATION**

**AND**

**LOCAL TAX OFFICIALS**

|  |
| --- |
| **Name of Locality:** |
| **Name of Local Official:** |
| **Title of Local Official:** |
| **Email Address of Local Official:** |
| **FIPS Code: \_\_ \_\_ \_\_ \_\_ \_\_** |

This Memorandum of Understanding (MOU) between the Virginia Department of Taxation (“Virginia Tax”) and the Locality named above explains the understanding and responsibilities of the two parties regarding the disclosure and safeguarding of Confidential Tax Information. For the purpose of this MOU, Confidential Tax Information is any state or federal tax information maintained by Virginia Tax or the Locality that is not legally known by, or available to, the general public, and includes taxpayer-specific demographic, return, or account information. Confidential Tax Information from Virginia Tax may include individual income tax, motor vehicle rental tax, sales and use tax, bank franchise tax, communications taxes, and other sensitive tax data that Virginia Tax determines would be beneficial for the Local Official named above in carrying out official responsibilities. Confidential Tax Information from the Localities may include bank franchise tax, business license tax, meals tax, lodging tax, short-term rental tax, cigarette tax, audit information, and other tax data Virginia Tax determines would be beneficial for its use in carrying out official responsibilities. References to Locality employees shall include all authorized individuals, including employees, contractors, and other third parties to whom the Locality has given access to Confidential Tax Information to assist with tax administration. Access levels and method(s) of access shall be based on need and use requirements, duties, and entity type. All determinations regarding access levels and methods of access shall be at the sole discretion of Virginia Tax.

**TERMS:**

During the term of this MOU, Virginia Tax agrees to the following:

1. To provide access to Confidential Tax Information through channels determined by Virginia Tax, to the Locality designated in writing by the Locality as authorized to receive Confidential Tax Information, provided that each individual has:
   1. Signed the Agreement Regarding the Safeguarding and Confidentiality of Federal and State Tax Information**;**
   2. Provided adequate information for identity verification and authentication; and
   3. Completed all training(s) required by Virginia Tax, including annual refresher training(s).
2. To immediately suspend access to Confidential Tax Information provided under this MOU for any employee of the Locality or the entire office of the Locality if Virginia Tax determines, or has reason to suspect, at Virginia Tax sole discretion, that an individual has committed one or more acts of unauthorized use, inspection, or disclosure of Confidential Tax Information.
3. To immediately suspend access to Confidential Tax Information provided under this MOU for any employee of the Locality or the entire office of the Locality if Virginia Tax determines, or has reason to suspect, at Virginia Tax sole discretion, that the Locality, or one or more individuals, is not in compliance with any or all procedures for safeguarding Confidential Tax Information. In the case of an ongoing investigation, access to any and all Confidential Tax Information may be suspended until a final determination is made.

During the term of this MOU and beyond, the Local Official acknowledges and agrees to the following:

1. To provide authorized Virginia Tax employees, upon written request, with the specific Confidential Tax Information that is needed for tax administration purposes including, but not limited to, business license tax, meals tax, lodging tax, short-term rental tax, and cigarette tax.
2. To provide Virginia Tax with a written request for the specific Confidential Tax Information that is needed for tax administration purposes. The request must state the reason why the information is needed and be signed by the authorized Local Official or an authorized designee. The Locality shall notify Virginia Tax immediately if any such Confidential Tax Information is no longer needed.
3. Confidential Tax Information provided by Virginia Tax shall be used only for administering taxes imposed by the Locality and verifying the accuracy of state and local taxes collected by Virginia Tax and distributed to the Locality. In all cases, access to, and inspection of, Confidential Taxpayer Information must be in compliance with state and federal laws.
4. Confidential Tax Information shall not be subsequently disclosed or made available to any other person or entity that is not authorized to receive Confidential Tax Information. Confidential Tax Information (electronic files, reports, hard-copy documents, printouts, etc.) cannot be shared with any governmental agency or local official (e.g., law enforcement, the local governing body, city/county/town managers, budget offices, economic development officials, etc.) unless specifically authorized by state or federal law. The Locality shall direct any questions regarding authorization requirements to Virginia Tax via email at [DisclosureOfficer@tax.virginia.gov](mailto:DisclosureOfficer@tax.virginia.gov).
5. That any Confidential Tax Information covered by this MOU is Confidential Tax Information subject to the penalties provided under *Va. Code* § 58.1-3 for unauthorized disclosure. Confidential Tax Information may be used only for the purpose for which the use is authorized by Virginia Tax. Unauthorized disclosure of Confidential Tax Information is a Class 1 misdemeanor. In addition, unauthorized access or use of any federal Confidential Tax Information may be a violation of Title 18, U.S. Code, Section 1030, and may subject the individual to criminal and civil penalties pursuant to Title 26, U.S. Code, sections 6103, 7213, 7213A (Taxpayer Browsing Protection Act), and 7431.
6. The Locality shall immediately notify Virginia Tax of any FOIA request, subpoena, or court order that asks for Confidential Tax Information that has been provided to the Locality by Virginia Tax.
7. To ensure that employees are aware of the procedures and requirements for safeguarding Confidential Tax Information, and the penalties for unauthorized use, inspection, and disclosure.
8. That each employee shall sign the Agreement Regarding the Safeguarding and Confidentiality of Federal and State Tax Information as well as any other agreements or documents required by Virginia Tax, prior to such employee be given access to any Confidential Tax Information.
9. To ensure that each employee who is authorized access to Confidential Tax Information shall protect and not share their passwords and, as appropriate, user IDs that are used to access Confidential Tax Information covered by this MOU.
10. When it is discovered or suspected that a disclosure incident or security breach has occurred, the Locality shall notify Virginia Tax Disclosure Officer at 804.404.4029 or email [DisclosureOfficer@tax.virginia.gov](mailto:DisclosureOfficer@tax.virginia.gov) immediately.
11. To send any questions regarding need and use of data, access issues, or safeguarding requirements to [DisclosureOfficer@tax.virginia.gov](mailto:DisclosureOfficer@tax.virginia.gov) or to call 804.404.4029.
12. When an employee who is authorized to access Confidential Tax Information under this MOU no longer needs such access, the Locality shall notify Virginia Tax within 48 hours from the time when such access is no longer needed by submitting an SA-IRMS-E form or any other notification process required by Virginia Tax.
13. To limit access to Confidential Tax Information to as few employees as possible or necessary and that only employees with a “need to know” considering their specific employment responsibilities shall be allowed access to Confidential Tax Information.
14. Contractors and employees of third-party vendors shall not be granted access to Confidential Tax Information without prior written permission from Virginia Tax. Where such written permission is granted, the respective contractor and their employees shall be required to follow all safeguard provisions required by Virginia Tax, including the requirements listed in this MOU.
15. Documents containing Confidential Tax Information shall never be left unattended on desks or in areas with public access or where the Confidential Tax Information could be accessed or reviewed by an unauthorized individual, including an unauthorized coworker. Any notes/letters with Confidential Tax Information shall be considered Confidential Tax Information. Any documents printed or created that contain Confidential Tax Information shall be closely monitored to ensure that only authorized personnel have access to them. Any documents printed or created that contain confidential tax information shall be stored in locked cabinets when not in use.
16. Confidential Tax Information that is in, or converted to, electronic form (MS Excel, PDF, etc.) retains its status as Confidential Taxpayer Information and shall be protected from unauthorized disclosure. Electronic files containing Confidential Taxpayer Information shall be password protected to restrict access to the information by unauthorized personnel.
17. Any paper or electronic document containing Confidential Tax Information shall be destroyed securely (deleted, shredded using a cross-cut shredder, etc.) when no longer needed.
18. Regularly verify that the Locality’s anti-virus software is up to date and functioning properly on all computers that contain or are used to access Confidential Tax Information.
19. To maintain a file with all acknowledgement forms regarding safeguarding and securing of Confidential Tax Information by each employee or other individual for which the Locality has requested access to Confidential Tax Information. The Locality also shall maintain at all times an updated list of all employees and other individuals for whom the Locality has requested access to Confidential Tax Information. Such list shall include the individual’s name, position, and beginning date for which access was granted by Virginia Tax and, if applicable, the date access was terminated. It is recognized that some employees who still need access will not have a termination date. The Locality shall review this list at least once every six months to verify those employees with access to Confidential Tax Information is up to date and accurate. The Locality shall provide a current copy of the list to Virginia Tax upon Virginia Tax’s request.
20. To grant Virginia Tax personnel and agents access to the Locality’s office, documentation, and staff for the purpose of assessing the Locality’s compliance with the terms of this MOU concerning the protection of Confidential Tax Information from unauthorized disclosure.
21. To cooperate fully with any inquiry, audit, inspection, or investigation conducted by Virginia Tax for the purpose of ensuring the Locality’s compliance with safeguarding and security requirements. The Locality understands that in instances when Virginia Tax performs audits, site visits, or otherwise requests clarification regarding the Locality’s use of Confidential Taxpayer Information, the onus shall be upon the Locality to justify and explain use of data, particular transactions, inspection of data files, etc. The Locality agrees promptly to comply with such requests and shall provide documentation, evidence, and remediation required by Virginia Tax.
22. To provide Virginia Tax with an up-to-date emergency after-hours call list. Each list shall consist of a direct business line and after-work-hours contact names with either mobile or LAN telephone numbers. Included in this list should be the Local Official, an alternate, EESMC contact, and the IT Director/Security Officer plus the IT Help Desk. The Locality shall review this list at least once every six months and notify Virginia Tax of any changes to the list.

**MODIFICATION:**

This MOU may be modified in writing from time to time as deemed mutually desirable and acceptable to the parties.

**EFFECTIVE DATE AND TERMINATION:**

This MOU shall become effective as of the date when both parties have signed it and shall remain in effect until terminated. This MOU shall be binding on the parties’ successors in office. Either party to the MOU may terminate the agreement at any time by providing written notice to the other party.

Signed on behalf of Virginia Tax by:

|  |  |  |
| --- | --- | --- |
|  |  |  |
| Signature of **Tax** **Disclosure Officer**/Tax Commissioner Designee |  | Date |

|  |  |  |
| --- | --- | --- |
| Michael Palmer |  | Virginia Tax Disclosure Officer |
| Printed Name |  | Title |

|  |  |  |
| --- | --- | --- |
|  |  |  |
| Signature of the Commissioner of the Revenue **/Treasurer/**  Director of Finance/Responsible Officer |  | Date |

|  |  |  |
| --- | --- | --- |
|  |  |  |
| Printed Name |  | Title |

Please return this completed form, along with any necessary information to:

Virginia Tax

Attn: Michael Palmer

Email: [DisclosureOfficer@tax.virginia.gov](mailto:DisclosureOfficer@tax.virginia.gov)