Washington Sales Tax Rate Lookup Mobile App

Information Communications Technology Innovations

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Executive Summary

The Washington State Department of Revenue (DOR) is committed to providing excellent customer experience. Washington businesses – DOR's primary customer – are required to collect and code sales taxes based on the location where goods or services are received. However, this task is complicated by the fact that there are hundreds of jurisdictions statewide, each of which have their own tax rate and code. Businesses asked DOR to redesign its Sales Tax Rate Lookup mobile application to enable anyone using a phone or mobile device to easily calculate and code sales tax by location.

The app allows businesses to find current Washington sales tax rates quickly and easily from anywhere within the state by "tapping to find a rate" which uses GPS technology to pinpoint the user's location. Alternatively, users can type in an address to search for the correct sales tax rate. With the increase in mobile business transactions and remote sales, this tool has helped businesses more easily meet their tax collection responsibilities while ensuring critically important sales tax dollars are collected and coded accurately.

Based on customer feedback, the app now includes features including:

- Automatically calculating sales tax and total charge based on location.

- The ability to download or share a spreadsheet (CSV file) with saved locations and totals for importing into accounting systems.

- Confirmation codes for each search to save for audit purposes.

Since launch, the redesigned app has had exceptional adoption rates and positive user feedback, especially around its convenience and ease of use. Businesses that once had to look up hundreds of tax rates for various locations can now determine the correct amount of tax to charge with the push of a button. In addition, there has been a large shift from webpage lookups to mobile app lookups, pointing to a user's preference for the convenience the new app provides.

Concept

In Washington, sales tax is collected based on the rate where the customer receives or takes possession of the merchandise. For example, if a Darrington resident purchases a couch at a furniture store in Bothell and requests that the merchant deliver the couch to the customer's home in Darrington, the sales tax is based on the customer's location in Darrington.

Washington state has 39 counties and 281 incorporated cities, totaling 320 local jurisdictions. Each of these jurisdictions imposes its own local sales tax. Within each jurisdiction, there can be multiple sales tax rates, each with a unique location code. These location codes don't follow zip code boundaries and sometimes one side of the street is within one jurisdiction and the other side of the street is within another. This is why GPS technology and exact street addresses are critical for determining the correct rate and location code. Currently, there are 565 different location codes in the state. This becomes even more complex when you consider the multiple local tax rate changes and annexations that occur each quarter.

It is a business's responsibility to determine the sales tax rate for each location and calculate the correct amount of sales tax to charge the customer. Given the many location codes, businesses that work at multiple job sites or deliver across the state were struggling to identify and apply the correct sales tax rate for each location.

Years ago, the Department of Revenue created a sales tax rate lookup tool on its website where a business could manually enter an address and the tool would calculate the combined state and local tax rate for that address. This was a positive first step, but DOR wanted to create a tool that businesses "on the go" could use to find multiple tax rates quickly, from any location.

DOR launched a Sales Tax Rate Lookup mobile app for Apple iOS devices in 2012, and in 2014 for Android devices. However, by 2017 it was significantly outdated. The agency wanted a modernized app that would be sustainable, easily updated and have increased functionality, such as the ability to find combined state and local tax rates based on current location using GPS.

In May 2018, DOR formed a team comprised of members from the Information Services (IS) and the Customer Experience and Communications (CEC) divisions to complete a total upgrade and relaunch of the app. The goal of the upgrade, in addition to modernizing the app, was to maintain an app store presence for both iOS and Android, increase mobility, and reduce technical debt.

The team created a far-reaching communication plan that would announce a relaunch of the app to businesses statewide. The communications included:

- Dor.wa.gov home page alerts and promotional blurbs on related webpages.
- Information added to specific Industry Guides with links to the Apple and Android app stores where customers could download the app.
- The creation of a new tax rate mobile app webpage.
- A coordinated, cross-platform social media strategy to promote the use of the app.
- Promotion on the DOR destination-based sales tax webpage.
- Targeted emails to Washington state contractors' associations and professional associations.
- ListServ messages promoting the usefulness of the app to mobile businesses.

The Washington State Governor's Office also promoted the app in an article titled, "How state agencies improved the digital experience to serve Washingtonians better."

Significance

The redesigned and updated app (released in April 2019 for Android, and June 2019 for Apple iOS) greatly enhanced the government-to-business experience by making all sales tax rates easily accessible for businesses working across multiple locations such as the construction industry, service businesses, and delivery businesses.

Because Washington does not have an income tax, it relies heavily on sales tax as a primary funding source. In Fiscal Year 2019, Revenue distributed $5.6 billion in sales tax to local jurisdictions. This revenue is distributed based entirely on the local tax codes reported by businesses which is why accuracy in local sales tax rates and coding is so important.

The app upgrades were based off user experience (UX) research conducted by IS and CEC, and were written in Microsoft Xamarin cross platform framework, which worked effectively with both iOS and Android devices. Writing the updated code in a program that could "speak" to both Apple and Android devices vastly reduced the amount of time programmers had to spend making manual updates. The team also added the ability to track the health of the app to ensure proper functionality, so as to not rely on user feedback alone.

The new app features and improvements gave users the ability to:

- Find the combined state and local tax rate at their current location using GPS, or by typing an address.
- Easily name, save, update, and share locations—no login required.
- Enter their taxable amount for each location, and the sales tax and total charge is automatically calculated.
- Share location and rate information via email or text message.
- Download or share a spreadsheet (CSV file) with all their saved locations and charges for importing into account systems.
- Upload saved locations to cloud storage in a TXT or CSV file format.
- See the location code included in the report so it is easy to find when filing tax returns.
- View locations on a satellite map.
- View confirmation codes generated by each search to save for audit purposes.
- View the manual address lookup and location lookup onto two separate screens for better usability.

An additional user benefit is the app's ability to provide the correct rate and local tax codes for new construction sites where official addresses haven't yet been established. User feedback from various contractors has shown this feature to be especially valuable.

The team took extensive measures to ensure the app was secure and mobile for users. They put in place encrypted connections to all DOR servers and made sure no identifiable user information could be captured or stored. They also made sure text and graphics would render properly on any screen size so that it would be legible on all devices.
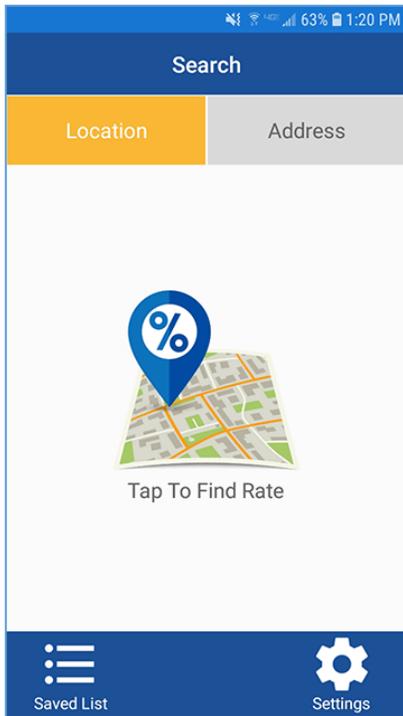
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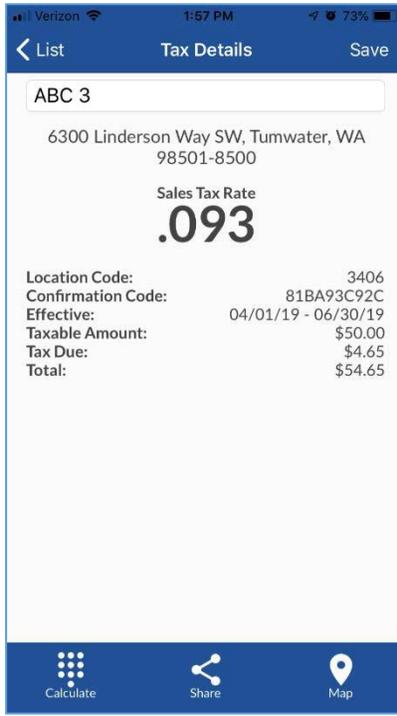
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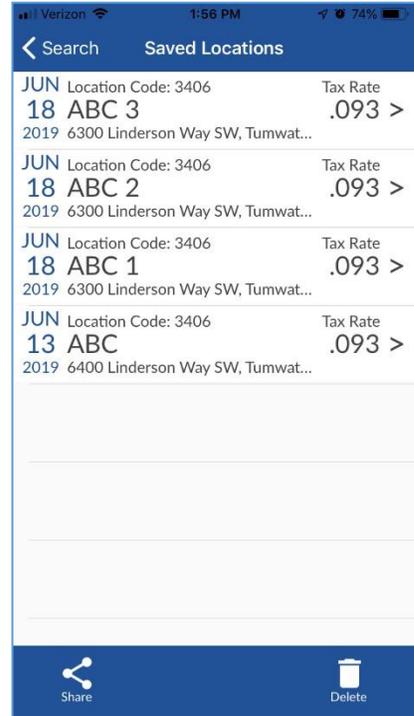
Multiple saved locations screen.

Impact

The success of the Sales Tax Rate Lookup mobile app relaunch has been significant.

Adoption and usage statistics continue to grow. For example, from April 15, 2019 to April 21, 2020 the app has had:

- More than 649,000 sessions. A session is recorded each time a user is actively engaged with the app. However, a user can conduct multiple tax rate lookups within one session.
- Nearly two million screen views.
- One minute and 11 seconds is the average time spent on a screen. This shows that users are able to get the information they need from the app quickly and significantly faster than they can do the same task on the website.

Since the app relaunch, there has been a momentous shift from webpage lookups to mobile app lookups, pointing to a user's preference for the convenience the app provides. From April 15, 2019 to April 21, 2020, the webpage lookup tool had 1,508,684 sessions and the mobile app had 649,456, which shows that 30% of people looking up Washington sales tax rates are using the mobile app.

The mobile app is not intended to replace the webpage lookup tool, because stationary businesses use the web version on desktop computers with their point of sale systems. However, the agency will continue to promote the app to maintain the growth rate for businesses that work at multiple job sites or deliver across the state.

Businesses in other states also are taking advantage of the convenience and utility found in the Sales Tax Rate Lookup mobile app. The app wasn't originally designed for use outside of Washington due to restrictions in the GPS lookup function if you are outside of the state. However, you can still enter a Washington address to look up a rate. Because of this feature, users from Oregon, Idaho, California, and Arizona contributed nearly 1,000 sessions and 3,000 screen views in the past year alone. This isn't a large percentage of the app use, but it shows the app's role in making it easier for remote business to conduct business in Washington.

New version much improved

Washington state businesses working in multiple locations can now find sales tax rates quickly and easily using their current location or by entering an address. Whether business or customer, anyone can verify the correct tax rate where they are standing with one tap in the app. The app allows users to save tax rates for multiple locations, and refer back to them for repeat business, and for accounting and tax filing documentation.

Ultimately, the upgraded Sales Tax Rate Lookup mobile app is a one-stop solution for mobile businesses to calculate sales taxes correctly. It makes it easier for Washington businesses to meet their tax collection responsibilities, ensures the correct amount of sales tax is collected and coded to the correct jurisdiction, and furthers the agency's commitment to customer service by empowering businesses to be successful and providing them with the best possible tools.