



Tax Legal Update

Massachusetts DOR Initiates Amnesty for Business Taxes:

Approximately 36,000 Business Taxpayers Eligible for Penalty Abatements

In accordance with legislation proposed by Governor Patrick and passed by the General Court in November 2009, the Massachusetts Department of Revenue (DOR) has established a tax amnesty program targeted specifically to those taxpayers with business tax liabilities. The taxes involved include sales and use, meals, income withholding, pass-through entity withholding, and the excises taxes on room occupancy, cigarettes, cigars and smoking tobacco, and gasoline. Tax liabilities arising from individual income and corporation excise taxes are excluded from the tax amnesty program.

The amnesty program is available for the two-month period beginning April 1, 2010 and ending June 1, 2010. Under the program, if an eligible taxpayer pays the full amount of outstanding tax and interest by June 1, 2010, the DOR will waive all unpaid penalties, as well as interest directly attributable to those penalties. The penalties eligible to be waived include those for late filing; late payment; failure to file a proper return; failure to file, report, or pay electronically; and failure to pay the proper amount of any estimated tax payment; however, interest that has accrued on the outstanding tax liability will not be waived.

The amnesty program is a revenue acceleration program aimed at taxpayers with assessed and unpaid tax liabilities for periods ending on or before December 31, 2009. To participate in the amnesty program, the taxpayer must have received a Tax Amnesty Notice from the DOR. Any taxpayer subject to a criminal prosecution or investigation is not eligible to participate in the amnesty program. Moreover, taxpayers who have previously signed settlement agreements or who have paid all tax and interest due but are disputing penalties do not qualify for the amnesty.

Unlike most amnesty and voluntary disclosure programs, payment of the outstanding liability does not constitute a forfeiture of the taxpayer's statutory right to appeal, and taxpayers who have already filed appeals are eligible to participate and continue to pursue their appeals. An eligible taxpayer who fails to participate in the amnesty program and to pay the outstanding balance of tax and interest may be assessed an additional penalty, not to exceed \$500.

The DOR expects to send Tax Amnesty Notices to approximately 36,000 business taxpayers in early April and estimates that the program could generate approximately \$20 million in collections.

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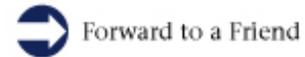
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