



UPDATE  
Tax

June 2013

## Connecticut Legislature Passes Tax Amnesty

Program offers 75 percent reduction of interest and waiver of penalties  
Nonfilers who do not participate subject to mandatory 25 percent penalty

Both chambers of the Connecticut General Assembly passed legislation, originally proposed by Governor Dannel Malloy, authorizing the Department of Revenue Services (DRS) to implement a tax amnesty program expected to raise \$35 million. Provided that it is signed into law by the governor, this initiative will represent the fifth time Connecticut has implemented a tax amnesty program.

### ELIGIBILITY

The proposed amnesty is available for all tax periods ending on or before November 30, 2012, and all tax types except for the Motor Carrier Road Tax. All taxpayers are eligible to participate in the amnesty program except those:

- who are under criminal investigation by the DRS on July 1, 2013;
- who are engaged in civil litigation with the DRS pending on July 1, 2013, in any state or federal court;
- who are party to an existing closing agreement with the DRS;
- who made an offer of compromise, which was accepted by the DRS; or
- who are participating in a managed audit agreement with the DRS.

### PROGRAM BENEFITS

The proposed amnesty program offers significant incentives, including:

- reduction of accrued interest by 75 percent;
- elimination of any applicable civil penalties; and
- protection from possible criminal prosecution.

### TAXPAYER OBLIGATIONS

If the DRS grants a taxpayer's amnesty application, the taxpayer will:

- forfeit any and all rights of appeal (both administrative and judicial);

- forego any right to a refund for amounts paid under amnesty; and
- make full payment of all tax and interest by November 15, 2013.

## MANDATORY PENALTY

A taxpayer required to file Connecticut tax returns who has not done so, and who does not participate in the amnesty program, is assessed a mandatory, nonwaivable post-amnesty 25 percent *additional* penalty on the tax due if and when the DRS ultimately issues an assessment.

## APPLYING FOR THE PROPOSED AMNESTY

Any taxpayer interested in taking advantage of the amnesty program must submit an application during the period beginning September 16, 2013, and ending November 15, 2013. Application forms are not yet available.

## AMNESTY CONSIDERATIONS

The legislation raises several questions and considerations for taxpayers, including:

- whether a limited look-back period will apply or whether the amnesty program will require payment for unlimited tax periods;
- whether amended or original returns must be filed; and
- whether cases in the Appellate Division, Voluntary Disclosure and Collections will be eligible.

The governor is expected to sign the bill shortly. Robinson & Cole will issue an additional update once the DRS announces how it will administer the amnesty program. Taxpayers interested in participating in the proposed tax amnesty program should consult a tax professional prior to submitting an application.

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## FOR MORE INFORMATION

If you have any questions regarding the potential amnesty provision, please contact any member of our State and Local Tax Group:

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