

States institute tax amnesty programs for 2017



David M. Kall | Thursday, March 30, 2017

In a 2016 [blog](#), the information hub TaxLinked.net addressed the pros and cons of the debt forgiveness mechanism known as tax amnesty. On the plus side, these programs can reduce auditing costs, increase government revenue, and give taxpayers a chance to correct mistakes they have made due to unduly complex tax laws. On the other hand, some say that tax amnesty is unfair to compliant taxpayers, and sends the message that it is acceptable to fail to pay one's taxes.

Despite the negatives, the following states have offered tax amnesty programs:

- 2016 - Arizona, Alabama, Massachusetts and New Hampshire
- 2015 - Arizona, Indiana, Kansas, Maryland, Massachusetts, Missouri and Oklahoma
- 2014 - Massachusetts, New Jersey and Louisiana

For 2017, Pennsylvania and Virginia have announced their tax amnesty plans.

Pennsylvania

The Pennsylvania Department of Revenue's [Tax Amnesty Program](#) provides numerous details, including the following:

- **Timing:** The Tax Amnesty period will run from April 21, 2017 to June 19, 2017.
- **Benefit:** The department will waive all penalties and half of the interest. In addition, the department will

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rescind liens or other enforcement actions for that debt, enabling the taxpayer to save half of the interest, all of the penalty, and any fees, such as lien filing fees and collection agency fees.

- **Eligibility:** Individuals, businesses and other entities with state tax delinquencies as of Dec. 31, 2015 are eligible, whether the department knows about the delinquency or not, except those that participated in the 2010 tax amnesty program.

Unpaid taxes due after Dec. 31, 2015 are not eligible. However, non-filed or under-reported taxes due after Dec. 31, 2015 must be filed by June 19, 2017, to participate.

The following taxes are eligible:

1. Agriculture Cooperative Tax
2. Bank and Trust Company Shares Tax
3. Capital Stock or Foreign Franchise Tax
4. Cigarette Tax
5. Corporate Net Income Tax
6. Corporate Loans Tax
7. Electric Cooperative Tax
8. Employer Withholding Tax
9. Financial Institutions/Title Insurance Company Shares Tax
10. Fuel Use Tax
11. Gross Premiums Tax
12. Gross Receipts Tax
13. Hotel Occupancy Tax, including the state administered 1% Local Hotel Occupancy Tax for Philadelphia and Allegheny County
14. Inheritance and Estate Tax
15. Liquid Fuels Tax
16. Malt Beverage Tax
17. Marine Underwriting Profits Tax
18. Motor Carriers Road Tax, for IFTA vehicles, PA portion only
19. Motor Vehicle Carriers Gross Receipts Tax
20. Mutual Thrift Institutions Tax
21. Oil Company Franchise Tax
22. Parimutuel Wagering and Admissions Tax
23. Personal Income Tax
24. Public Transportation Assistance (PTA)
25. Public Utility Realty Tax
26. Realty Transfer Tax, including Local Realty Transfer Tax
27. Sales and Use Tax, including Local Sales and Use Tax for Philadelphia and Allegheny County
28. Surplus Lines Tax
29. Unauthorized Insurance Tax, monthly
30. Vehicle Rental Tax (VRT)

Taxpayers who fall into any of these categories are not eligible:

- Those currently under criminal investigation for an alleged violation of any tax law.
- Those who have been named as a defendant in a criminal complaint alleging a violation of any tax law prior to April 21, 2017.
- Those who are defendants in a pending criminal action for an alleged tax law violation.
- Those who are in bankruptcy, absent permission from the Bankruptcy Court.

A [Fact Sheet](#) posted on the department's [website](#) shows that the program is expected to generate \$100 million for the General Fund. In 1995-1996, collections amounted to \$93 million, and in 2010, \$254 million.

The department has posted other assistance on its website, such as [program guidelines](#), and will update as additional information and materials become available.

Virginia

The Old Dominion State's Department of Taxation has posted [guidelines](#) on its Tax Amnesty Program on its

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website. It is still in the process of developing guidelines for the procedures regarding participation in the program, and is soliciting comments regarding the development of these guidelines.

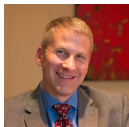
So far, however, program details include the following:

- **Timing:** A period ranging between 60 and 75 days during fiscal year 2018, which begins on July 1, 2017, and ends on June 30, 2018.
- **Benefit:** All penalties and 50 percent of the interest will be waived upon payment of the taxpayer's remaining balance. The department will assess any remaining amnesty-qualified liabilities at the conclusion of the amnesty period with an additional 20 percent penalty.
- **Eligibility:** With certain exceptions, any taxpayer who currently has an outstanding assessment, or has not filed a return for any tax administered by the Department, may apply for amnesty.

The following taxpayers will not be eligible to participate in the tax amnesty program:

- Any taxpayer currently under investigation or prosecution for filing a fraudulent return or failing to file a return with the intent to evade tax.
- Any taxpayer with an assessment date or due date for an unfiled return less than 90 days prior to the first day of the amnesty program.
- Any taxpayer with an individual, fiduciary or corporate income tax liability for Taxable Year 2016 or after.
- Any taxpayer with respect to a tax liability attributable to an issue that is the subject of a decision of a Virginia court rendered on or after Jan. 1, 2016.

The [impact statement](#) estimates that the program will cost approximately \$5.5 million to administer, and generate approximately \$71.4 million in total revenues.



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