On March 16, Massachusetts officials announced a tax amnesty program, effective immediately, to recoup delinquent corporate taxes. The program is part of a larger effort by the Baker administration and the Department of Revenue (DOR) to raise funds to close the Commonwealth’s midyear budget deficit. Baker hopes the plan, which he and the Legislature authorized earlier this year, will generate $18 million from 24,000 qualifying taxpayers.

Governor Baker also recently announced that the DOR will be under new leadership. Mark Nunnelly, a former managing director at Bain Capital and partner at Bain & Company, will replace Patrick appointee Amy Pitter as DOR Commissioner. Nunnelly was also named as special advisor to Baker for technology and innovation competitiveness. As the new Commissioner, Nunnelly will be responsible for managing the Commonwealth’s revenue stream and administering tax law, as the Commonwealth seeks to maximize its revenue to help avoid painful cuts.

The administration’s current tax amnesty program, which runs from March 16 to May 15, 2015, targets financial institutions, insurance companies, public utilities and banks, as well as others who are subject to corporate excise tax and individuals who have been delinquent in paying estate taxes, fiduciary income taxes, and the individual use tax on motor vehicles. Only those taxpayers who receive a notice of eligibility from the DOR are invited to participate. The DOR notices will include the amount of the penalty that will be waived if the taxpayer is successful in paying the balance during the amnesty period.

If taxpayers have signed settlement agreements with the Department of Revenue, are in the midst of tax-related criminal proceedings, or have committed tax-related fraud, they will not qualify for the program. However, those who have entered into payment agreements before the start of the amnesty period or those who withdraw pending appeals will be allowed to participate.

All qualified taxpayers who take advantage of the program will not be eligible to take advantage of a future tax amnesty program for ten years. Massachusetts instituted a similar amnesty program in 2014, which collected $57 million in outstanding taxes from 61,000 individual filers, according to preliminary DOR figures.

At the end of February, Baker announced that his FY 2016 budget proposal would include another tax amnesty program aimed at non-registrants as well as those who are already known to, but have not yet been cited by the DOR for failing to file. If passed, he believes the proposed program, which would run the length of FY 2016, could raise $100 million. In 2002, a similar tax amnesty program for individuals generated $176 million in revenues for the State in two months.
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