

tax lawflash

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Texas Taxpayer Amnesty Program 2012

Taxpayers may come into compliance with Texas state and local taxes without penalties or interest during the amnesty period of June 12, 2012 through August 17, 2012.

On March 15, 2012, the Texas Comptroller of Public Accounts (Comptroller) announced “Project Fresh Start,” a Texas tax amnesty program designed to bring taxpayers into compliance with Texas state and local taxes. The amnesty program allows taxpayers to “wipe the slate clean” by coming forward and paying any outstanding tax without incurring any penalties or interest. The amnesty applies to most Texas state and local taxes administered by the Comptroller’s office, including the revised franchise (i.e., margin) tax and sales and use tax, and will be available from June 12, 2012 through August 17, 2012 (amnesty period) for tax returns originally due before April 1, 2012.

Under the amnesty, the Comptroller will waive penalties and interest for businesses that file delinquent tax returns, or amend previously filed returns that underreported taxes, and pay the taxes due. All tax payments must be made in full, and installment plans are not permitted. The amnesty is not available for tax-filing periods that are currently under audit or that have been identified for audit. The amnesty also does not apply to tax returns that were filed but not paid, or to taxpayers that signed settlement or voluntary disclosure agreements before the beginning of the amnesty period.

Taxpayers that fail to pay the amounts owed during the amnesty period are subject to the standard penalties of 5% of the tax due if the payment is one to 30 days late and an additional 5% of the tax due if the payment is 31 to 60 days late. Payments more than 60 days late are subject to a penalty of 10% of the tax due plus interest accruing from the 61st day after the due date, and an additional penalty of 50% applies in the case of fraud.

Prior to the amnesty period, taxpayers should review their compliance with Texas state and local taxes. Texas, like many states with budget shortfalls, has become increasingly aggressive in asserting nexus against out-of-state corporations in an effort to raise additional revenue. In the event that exposures are identified, the amnesty program may permit taxpayers to come into compliance without incurring penalties or interest.

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