
Massachusetts Tax Advisory

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“Find Us before We Find You”—Massachusetts Grants Brief Tax Amnesty

On September 26, 2002, Massachusetts announced the establishment of a tax amnesty program authorized by the Legislature earlier in the year. The purpose of this amnesty program is to encourage the voluntary disclosure and payment of delinquent tax obligations to the Commonwealth.

Under the program, beginning on October 1, 2002, and ending on December 2, 2002, the Massachusetts Department of Revenue will grant “amnesty” to any eligible taxpayer that properly completes and files a Request for Amnesty, along with all required tax returns, and that pays all outstanding taxes and interest in full (1) for taxable years beginning before January 1, 2001, in the case of annual tax returns, and (2) for periods ended on or before August 31, 2002, in the case of returns filed for other periods (e.g., monthly). Under the amnesty, the Department will waive all unpaid penalties imposed for failure to timely file a return, failure to file a proper return, failure to timely pay a tax liability, and failure to pay the proper amount of any required estimated tax payments for the taxable years or periods in question. All returns submitted during the amnesty period must be properly and accurately completed and accompanied with a check or money order for the required amount of tax and interest in full.

Eligible taxpayers include those who:

- have failed to file a Massachusetts tax return, including, but not limited to, tax returns for personal income tax, withholding, corporate excise, sales and use tax, sales tax on meals, estate tax and inheritance tax;
- have underreported taxable income and/or receipts;
- have overstated deductions;
- have filed an incorrect or insufficient Massachusetts tax return; or
- are delinquent in paying a past state tax obligation.

Eligible taxpayers may apply for amnesty for the following periods:

- taxable years beginning before January 1, 2001 (for annual return filers); and
- taxable periods ending on or before August 31, 2002 (for other return filers).

Amnesty will not be granted for any tax period for which the taxpayer (i) is the subject of an ongoing tax-related criminal investigation or prosecution or (ii) has been the subject of a past tax-related criminal investigation, indictment or prosecution if that investigation, indictment or prosecution resulted in a conviction or in any plea by which the taxpayer admitted guilt or chose not to contest the charges. Also, special rules apply to taxpayers that already have signed settlement or payment agreements or have filed abatement applications or appeals with the Department or the Appellate Tax Board.

As stated by the Commissioner of Revenue: “This is an opportunity for taxpayers to come forward to pay overdue tax obligations and have their unpaid penalties waived. It is recommended that taxpayers take advantage of this two-month amnesty as the Department is presently implementing new software tools that will improve our ability to identify non-filers and underreporters as well as their assets. Therefore, the logo for this amnesty campaign states: ‘Find us before we find you.’”