

## Act Fast: Tax Amnesty Program Offers Huge Opportunity

The Rhode Island Division of Taxation is offering a tax amnesty window program, beginning December 1. This is the first amnesty program since 2012, and the terms (discussed below) are very favorable to taxpayers. Any taxpayer with an outstanding Rhode Island tax issue should strongly consider whether to take advantage of this amnesty program.

Qualifying taxpayers will automatically receive the following benefits in exchange for their participation in the program:

- protection from future civil or criminal prosecution with respect to the taxes and periods covered in an amnesty filing;
- waiver of 100% of any potential or previously assessed penalties; and
- a 25% reduction in interest, retroactive to the original date of assessment.

Given that the underpayment interest rate in Rhode Island has been fixed at 18% since October 1, 2006, the interest break alone may offer substantial savings for some taxpayers.

Amnesty relief is available for all tax periods ending on or before December 31, 2016, and to all tax types administered by the Division, including sales and use, personal and corporate income, payroll, and estate. The program even applies to taxpayers currently under audit, although it does not apply to taxes assessed by Rhode Island localities, and is not available for taxpayers under investigation for tax fraud or other criminal proceedings in a federal or state court.

Later this month, the Division will begin sending information statements explaining the amnesty program to taxpayers with outstanding liabilities. While this outreach is by necessity directed at taxpayers with disclosed Rhode Island state tax liabilities, the amnesty program expressly covers unreported liabilities as well. As a result, amnesty offers a compelling incentive for taxpayers that already are on the Division's radar, or are still below it, a limited window of opportunity to bring their state taxes into compliance.

To obtain amnesty relief, taxpayers must complete an amnesty return, file any other delinquent tax returns, submit a payment coupon, and pay all outstanding amounts due by February 15, 2018. If you have any questions or are considering applying for amnesty relief, [please reach out to us](#). Our tax practice has extensive experience dealing with the Division on a variety of state tax matters and is ready to assist you.

### **Date Created**

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