

# PUBLICATION

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## Spotlight on Alabama: Department of Revenue Announces 2016 Tax Amnesty Program

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The Alabama Department of Revenue (DOR) has announced the conditions, requirements and limitations of its tax delinquency amnesty program for 2016 (the Amnesty Program), pursuant to the Alabama Tax Delinquency Amnesty Act of 2016 (Act 2015-555) (the Act). The Act provided for a tax amnesty program for at least two months during 2016, occurring before August 31. The DOR recently announced that applications for amnesty will be available from June 30 through August 30.

The Amnesty Program applies to all taxes administered by the DOR (such as corporate and individual income, business privilege, excise, consumer use, sellers use, withholding and sales taxes), except motor fuel taxes, and is available to "eligible taxpayers" for a three-year look-back period. "Eligible taxpayers" are taxpayers that have not been contacted by the DOR during the past five years regarding the type of tax or taxes included in the taxpayer's amnesty application, and who are not parties to any criminal investigation or criminal litigation in any court of the United States or the State of Alabama. To qualify for the Amnesty Program, a taxpayer also cannot have an outstanding debt shown on the DOR's records in the form of a bill, assessment, or civil collection action (e.g., a garnishment). The three-year look-back period is the last three full years of delinquent tax returns. The tax periods eligible for amnesty include periods for which taxes were due prior to January 1, 2015, or for which taxes were due for taxable periods that began before 2015. The DOR will not seek to collect taxes, penalties or interest for tax periods prior to the look-back period.

To participate in the program, the Amnesty Program requires the agreement of the taxpayer to not protest or initiate an administrative or judicial proceeding for the taxes for which relief is being sought; however, such agreement only applies to the specific tax(es) and tax period(s) for which amnesty is granted. If the amnesty application is approved, all penalties and one-half of the statutory interest shall be waived, and the DOR will not seek criminal prosecution of the taxpayer, provided no false representations are made by the taxpayer.

If you have any questions about the Amnesty Program and its conditions, requirements and limitations, and how it could impact you or your business, please contact Ross Cohen or any of the Alabama attorneys in the Firm's Tax Group.